

CANADA'S WEEKLY NEWSMAGAZINE

Maclean's

JULY 28, 1997

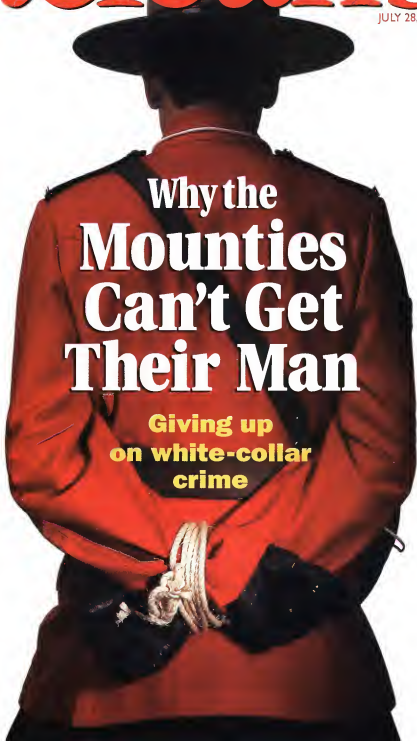


MURDER IN MIAMI

The high life and
brutal death of
Gianni Versace

Why the Mounties Can't Get Their Man

Giving up
on white-collar
crime



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Maclean's This Week

CANADA'S
WEEKLY
NEWSMAGAZINE

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COVER

Not getting their man

10 The RCMP were once considered among the best in the world at apprehending white-collar criminals. But in an era of budget cuts and sagging morale, the Mounties have backed away from commercial crime, and Canada has a new, dubious reputation as a safe haven for international fraud artists.



Features

Versace: Murder in Miami

29 After the killing of designer Gianni Versace outside his home in Miami's hedonistic South Beach, police accused a shy genius of murder in four other deaths. The mysterious murder cast a pall on a glittering industry.



A campus divided

42 Amid a flurry of new revelations about sexual violence at Simon Fraser University, over president John Stubbins' decision to fire a swim coach found guilty of sexual harassment.



Front and centre

48 Sarah McLachlan, singer-songwriter extraordinaire, wanted a showcase to celebrate women in music. Now, Lush Park, a 35-stop, all-female extravaganza, is the summer's hottest ticket. And with a new album and a new husband, McLachlan is flying high.

From The Editor

A sense of history helps



If the premiers and territorial leaders need reminders of Canada's history, their annual meeting next month in St. Andrews, N.B., will serve them well. Down the steep hill from the stately Algonquin Hotel, the shady streets open on a vista of Passamaquoddy Bay, named for the Indians who settled the land.

Upriver in St. Charles Island, where Champlain and Simon de Montmolt established the first Acadia post in 1604. Across the bay is the coast of Maine, first to be colonized. Here came many of the town's United Empire Loyalist traditions. To the east is the imposing former summer home of railway tycoon Sir William Van Horn, now shuttered against the elements. Beyond the point, Van Horn could look into the entrance of the Bay of Fundy, which shelters Capetown Island where Franklin Delano Roosevelt summered. Roosevelt would sometimes take the road boat into St. Andrews and, returning to the back rooms of Cockburn's Drug Store, which still graces the front street, discuss affairs with towns notables. Another visitor to Cockburn's was Canada's minister of everything, C. D. Howe, whose former summer home is now an inn and popular entry.

A sense of history is something the country sorely needs at a crucial time in its affairs. The warmer days have obscured a full political season littering with the potential for trouble. Despite Canada's enviable laissez-faire status in the world, the issue of Quebec will rear its head again, possibly in the form of a provincial election—and certainly in the scrutiny of a Supreme Court hearing on the legitimacy of a unilateral Quebec declaration of independence.

Now is the time for a reminder. There is nothing that English-Canadian can do that will please Lucien Bouchard and his followers. But

the people of Quebec, as opposed to certain politicians, could use a signal from the rest of the country that they are wanted. Twice, they have voted for independence, and twice the response from the rest of the land has been grudging. Indeed, the stance of many political leaders, especially those of conservative bent, is open hostility.

It is not difficult to understand the hardening mood of premiers like British Columbia's Glen Clark and Ontario's Mike Harris. Both are challenged by the growing strength of the Reform party, which has come out strongly against any concessions to Quebec. Essentially that puts the kibosh on any measure that provides "distinct society" status for Quebec.

Yet the nation functions on a host of special arrangements. Accommodation is better than civil war, a horror from which Canada no longer can claim immunity. Newfoundland entered Confederation with guarantees of denominational schools. Prince Edward Island was guaranteed transportation links to the mainland. Ontario has the lucrative Atom

Pact. Since the abolition of the National Energy Program, the West, especially Alberta, effectively has the greater say on oil and gas policy. A new federal fisheries minister from British Columbia is de facto recognition of the importance of West Coast salmon. Canada is a land of special arrangements. Next month on the shores of Passamaquoddy Bay, first Ministers could start the search for yet another distinct solution.

Robert Lewis



Passamaquoddy Bay: a vista for premiers

Newsroom Notes:

Investigating the Mounties

This week's cover package on the RCMP follows a *Maclean's* tradition of supplementing the expertise of staff members by calling on writers who have specialized knowledge of important subjects. Paul Palanga, who wrote all the profiles in the package, knows more about the inner workings of the Mounties than any journalist in



Palanga: probing

Canada. While national editor of *The Globe and Mail*, Palanga, now 47, became fascinated with the twin subjects of corruption in public office and political interference in police investigations. He spent two years investigating frauds for a Toronto-based firm of forensic accountants. Working with Rod Stanley, a former assistant commissioner

of the RCMP, Palanga, in 1994, wrote a book titled *Above the Law*. He is now working on another book about the force.

In recent months, he has visited RCMP units from Ottawa to the West Coast, joining Mounties on patrol, talking to the force's forensic scientists and interviewing officers from commissioner Philip Murray down. "In the past year, I started noticing a real decline in commercial crime investigations," Palanga says. "The government was actually promoting a two-tier system, hiring corporations the police couldn't do anything for them so they'd better use private investigators." His reports begin on page 10.

A plastic cup is out of the question.



One of Canada's finest premium beers, John Falter Classic, is brewed with 100% barley malt and then long-aged for a smooth, rich, and classic taste. **CLASSIC**

Edited by
JENNIFER A. HICKSON

The replica, created by Allen Jackson, a 65-year-old welder from Wetaskiwin, Alta., 60 km south of Edmonton, was used in the movie *The Arrow*, starring Dan Aykroyd, which the CBC broadcast in January. According to Jackson,

The Seattle-Hong Kong return flight for \$1,084, compared with \$1,700 for the Vancouver-Hong Kong return trip. Vancouver travel agent Scott Clark of Global Travel says that pricing makes no sense, especially in light of the \$30 million that Canadian taxpayers have poured into the airline since



However, the movie-makers were almost as hard on the province as DeWitt was on the original. After cancelling the plane's production, Dickelbach ordered every one of the jets dismantled. And after shooting *The Arrow* in Winnipeg last summer, the production company backed up parts of its model to ship it back home. Jackson says, rather than disassembling it properly, Tinley said that about 40 volunteers, including Canadian Forces personnel, put 2,500 hours into restoring the model for the show. "It's such a beautiful aircraft," says Jackson. "To see it on display is always kind of a thrill."



crusade chief Bill Gates is top worker ballgame with almost \$50 billion (double what he had a year ago). Kenneth Thomson is the wealthiest Canadian, with \$15 billion. Another Canadian media mogul, Conrad Black, only makes a "Heavy Hitter" list, weighing in at a mere \$377 million. Heading the intriguing category of "Kings, Queens and Dictators" is the Sultan of Brunei; \$2 billion is his income. Also on that list: Indonesian Suharto, at \$22 billion, and Cuba's Fidel Castro, at \$2 billion.

In March, 1996, Penguin Canada editor Cynthia Good received a short message on her fax machine from a public stranger in Sicily. His name was John Goad, and he wondered if she would be interested in publishing his late mother's memoir. His mother, Caitlin, he explained, had been married to the Welsh actor Dylan Thomas. A biographical at New York City-based Penguin USA, saying the company does not accept unsolicited manuscripts, had suggested he try the Canadian operation. A delighted Goad sought up world rights to the book, *Handle With Care: My Life with Dylan Thomas*, to be released in Canada in September and in Britain next year, in the Irish-born Caitlin's examination of the somewhat less alcohol-placed in the farmhouse. He also did with Thomas.

A longtime alcoholic who finally achieved sobriety in 1973, Cantini wrote *Double Drink* Story partly as a means of atoning for her own addiction. And after her death in 1994 at the age of 61, her son by her second husband, Giuseppe Paolo, vowed to get it into print. "For me, it was an act of love," said the younger Paolo, a 34-year-old architect in Catania, Sicily. "And I believe, for Cantini, it was an act of purification and liberation through an honest process of self-examination." As for Good, she is delighted at the quirky turns of fate that brought the book to her.

Donald Trump is as fixated for the women he has bedded and wed as he is for his roller-coaster fortunes. That makes him an ideal fodder for the tabloids, including *The Toronto Star*, known as much for its scandalic old Sun newspaper as for its current coverage. In Toronto to bid for a cruise of a casino in near-by Niagara Falls, Ont., the New York City real-estate tycoon noticed a particularly and dressed women gracing the newspaper's cover. He recognized the three-headed tailed way of styling. "Wat, isn't 'er?" Trump turned to a *Star* photo girl.

"She's a modeling girl and she's a very good girl who she would be a good turn up properly at the hotel where he was working but she

Trump, the *Star*'s and a photo

- 1 *Into the Sun, Joe Wickham* (H)
- 2 *Notes, David & Susan, David Ford and David Wickham* (T)
- 3 *The Married Game, Solomon Jumper*
- 4 *Angela's Ashes, Frank McCourt* (H)
- 5 *Conversations with God, Book 2, Neale Donald Walsch* (H)
- 6 *The White Crow, Michael Ende* (H)
- 7 *Shogun Renaissance, David Ann MacIntyre* (H)
- 8 *Notes of a Selfishling, Cathal Garra, Mairéad*
- 9 *Greenland, Peter Dinkeld*
- 10 *The Golem's Eye, Charles Gordon* (H)

In Missing Home, 44 well-known Canadians, including Margaret Atwood, Michael Ondaatje and Gary Baseman, tackle the highly personal subject of the meaning of home. Proceeds from

anthology go to PEN Canada, a branch of the international organization that fights censorship and supports imprisoned writers around the world.

ELECTED: The first low-caste president of India, Kachari Ramon Narayanen, 76, by members of the national and state legislatures. Narayanen belongs to the Dalit community, representing the lowest rung in the Hindu social hierarchy.

UPHELD: The second-degree murder conviction of **Roger Warren**, a gold miner found guilty in October, 1993, of setting a bomb that killed nine other miners who crossed a picket line during a bitter strike a year earlier at the Giant gold mine, by a three-judge panel of the Northwest Territories Court of Appeal in Yellowknife. They also upheld Warren's life sentence with no parole for at least 20 years.

KILLED: U.S. astronaut and crash expert **Eugene Shoemaker**, 69, in a car crash near Alice Springs, Australia. Shoemaker, his wife, **Carolyn**—who was injured in the crash—and Arizona-based Canadian **Gavriel Levy**, discovered the huge Shoemaker-Levy 9 comet that slammed into Jupiter in 1994.

APPOINTED: As president and chief executive officer of Winnipeg-based CanWest Global Communications Corp., Peter Viner, 52, CEO of Network Ten, an Australian broadcaster in which CanWest has a majority stake. Viner succeeds CanWest founder Israel (Izzy) Asper, 64, who takes on the new title of executive chairman.

MURDERED: Disgraced anti-narcotics columnist **Hesperia Flores Gonzalez**, 29, who was also founder of *La Prensa* daily in San Luis Rio Colorado, a Mexican town on the Arizona border, in a hail of AK-47 bullets in what authorities said looked like "a settling of accounts by drug lords."

CELEBRATED: The 50th birthday of Camilla Parker Bowles, longtime lover of Prince Charles, 48, at a lavish birthday bash at Highgrove, Charles's country estate in southwest England



Canada Fighting white-collar crime, the RCMP can no longer get its man

MOUNTIE MISERY

BY PAUL PALANGO

In a world in which paucities are celebrated for distinctive national characteristics—Japan for high-tech innovation, France for *je ne sais quoi*—Canada is admired for its wilderness spaces and safe, orderly society. Take it from the United Nations—Canada is the best place in the whole world to live. And protecting that society, at least in the perception of foreigners, is a unique institution: the scarlet-trimmed Royal Canadian Mounted Police.

There is, however, a darker side to Canada's reputation. To law enforcement agencies in North America and abroad, Canada is now better known as a global leader in commercial, or white-collar, crime. And, increasingly, it is becoming the land where the Mounties do not get their man—or woman.

The annual loss from real victories of fraud in Canada is estimated to exceed 15 per cent of the country's \$60-billion gross domestic product—or more than \$22 billion a year stolen from individuals, corporations and governments. Martin Breckhouse, a Pasadena, Calif.-based fraud investigator with the U.S. Postal Inspection Service, the oldest federal police force in the United States, is among many foreign law enforcement officers who have noticed a change in criminal patterns. "What we're seeing is a migration of fraud artists across the border to Canada," says Breckhouse. "Canada is seen as a safe haven." Requested by government spending cuts and the loss

of some of their top investigators to the private sector, the Mounties are unable to keep pace with white-collar crime—with the result that Canada now has a two-tier system in which corporations are expected to defend themselves against fraud.

Over the past 30 years, Canada has been the setting for some spectacular frauds. John C. Doyle and Canadian Jewell, Lesley Rosenberg, 103 Player and Ontario's \$500-million Cadillac Fairview apartment flip, the collapse of the Principal Group of companies in Alberta and, most recently, the Bim-X gold stock scam. Some of the scandals have been stunningly

well-placed and densely concealed. Toronto stockbroker Christopher Horne, for example, built a world-class art collection with money he embezzled from clients. Montreal-based Casor Holdings sucked as much as \$8.8 billion from victims around the world in a 15-year Ponzi scheme, a pyramid scam where money raised from new investors was used to pay off earlier investors.

Toronto has achieved a dubious new distinction. It is regarded by many experts in the justice field as the North American capital of organized criminal fraud, surpassing even such hotbeds of white-collar crime as south Florida, Houston, Orange County in California and the suburbs of New York City. Extortion laws that make it difficult to expel white-collar crooks are part of the problem. Criminals in the justice system to have forced corporations in both law enforcement and prosecution. Criminals across the country have been given extraordinary

Commissioner Murray: cuts in spending, legal complexity and court delays are undermining law enforcement



TWO-TIER JUSTICE

Philip Murray, 54, became commissioner of the RCMP in June, 1994. He was interviewed in Ottawa recently by Maclean's correspondent Paul Palango. Some of Murray's comments.

On the reputation of the RCMP:

"The RCMP is a positive symbol of Canada. It's not too often that you have your national police force as your national symbol and your best-known symbol internationally. Across the country, we've got tremendous support. I mean, 99.9 per cent of the things we do, we do well. We're involved in three million investigations during the course of a year. The 10 or 12 that go wrong tend to get the focus."

On his knowledge of the Airbus investigation and the controversial letter to Swiss authorities that led to former prime minister Brian Mulroney's \$50-million libel suit against the federal government:

"I was fully informed of the investigation right from the beginning. The letter was really a technical document prepared by the department of justice in conjunction with the investigator. There's really no value added by someone like myself to involve myself in that particular process. I have been and remain aware of where that investigation is at. I don't know where people got the impression that I was not informed of the investigation because I certainly have been all along."

On relations between the RCMP and the government:

"I believe very strongly that there has to be a professional arms-length relationship between the government and the police during ongoing investigations. I think that's a fundamental cornerstone of our democracy. I don't think that our system in Canada would work well otherwise. And that's something that we guard jealously. There is simply no interference in an ongoing criminal investigation. I won't stand for it."

On the impact of budget cuts on the justice system:

"There are fewer prosecutions available. There are fewer courtrooms open, and there's more time to go to process that over time there's going to be a tendency [by Crown attorneys] that they almost must have an assurance of conviction before they are willing to proceed."

On "two-tier" law enforcement:

"The long-term implications clearly are that we're going to end up with two-tier policing with forensic accounting firms dealing with those kinds of [white-collar] crimes because the public purse simply will not be able to accommodate it. In real life, we created a two-tier justice system, and I think that's unfortunate. If we end up there, the general public is simply not willing to spend more, to invest more in laws."

On the Charter of Rights and Freedoms:

"There have been a number of decisions by the courts in interpreting the charter that have made policing much more difficult today than it was 10 years ago. We used to have one-page search warrants—they can be 1,000 pages today."

Paul Palango is a journalist and author of *Howe the Line*, a 1994 book about political interference in the RCMP. He is currently writing a second book about the Mounties. It is published next spring by McClelland & Stewart.

powers to pick and choose the cases they want to prosecute, and police forces have been redeploying their resources to address the social concerns of various interest groups. These factors, combined with Canada's lax banking and securities laws, tough privacy legislation, increasing constitutional restrictions on the police, and a disinclination by politicians to deliver all-out war on white-collar crime, have created fertile ground for fraudulent business practices to flourish.

Some experts say that the conditions are close to ideal. "It is almost as if someone spilled a bucket or a barrel of 505 company (the police aren't interested)," says Toronto forensic accountant Todd Arvey. "The big companies are on their own. All the police want to deal with are investment schemes, widows and orphans and, perhaps, government as victims." Twenty years ago, Arvey recalls, the RCMP was inordinately motivated for its success in solving fraud crimes behind bars. "Today," he says, "most people know it's pretty well open season in Canada. They know they're not going to go to jail."

Others agree. "There's so much fraud that the police can't keep up," says Pat McGowan, a commercial crime officer who left the Mounties in 1995 and now is the head of security for Western Canada at Imperial Oil Ltd. in Calgary. And a veteran RCMP officer, who is still with the force and asked for anonymity, says that if a crook wants to commit fraud, "Canada is the place to come and do it." Indeed, the Mounties "Over the years, we have lost the ability and will to investigate fraud. As a result, the criminals have no fear of the police. It's a terrible situation."

So what are the authorities doing to combat white-collar crime? The answer, according to police and civilian experts, is that finan-



Const. Graeme Kitz working a speeding ticket in Saskatchewan doing too many things

cially striped police forces across the country—following the lead of the RCMP—are getting out of the commercial crime investigation business. Metropolitan Toronto police, sources told Maclean's, have a two-year history of fraud investigations—and will not even look at scams involving less than \$1 million.

They always get their man.

Those five words capture up a powerful and romantic image of the Mounties. First expressed, ironically, by a Montana newspaper editor (who actually wrote: they find their man

every time), they speak of professionalism, dedication, camaraderie, teamwork and, most important, success. They say the Mounties are the best police force in the world, and so case is too difficult for them to solve.

That is the Hollywood version of the legend and it is the version that Wall Group Corp. continues to emphasize. Under a controversial 1995 merchandising deal, Disney markets the RCMP name, image and logos internationally. But the legend aside, the Mounties in recent years have attracted more attention for their gaffes than for their triumphs. Despite repeated assurances that arrests were imminent, they have been unable to solve the 1985 Air India bombing that claimed 329 lives. They were late in starting an investigation of Bre-X Minerals Ltd. They have made no apparent headway in getting to the bottom of a number of suspicious deaths, disappearances in the past two years in British Columbia that have been linked to activities on the Vancouver Stock Exchange. The Mounties bungled their investigation of the so-called Airbus affair so badly that, in January, the government was compelled to make a formal apology

and cash settlement to former prime minister Jean Mulroney. And their inability even to protect the Prime Minister's residence from Jean Chretien as he himself with an infant sculpture to defend himself against an intruder at his bedroom door in November, 1995.

making about \$57,000 a year, not including overtime. If he had waited for a promotion, he would be making between \$60,000 and \$65,000 this year. Beagelman earns the equivalent of \$140,000 Canadian, about the same as an agent with the FBI. U.S. postal investigators also collect performance bonuses and cost-of-living allowances when posted in big cities with high housing costs.

RCMP salaries, by contrast, have been frozen for five years and the force does not pay performance bonuses or living allowances. "A Mountie working in Toronto or Vancouver," says Harloff, "is paid exactly the same as a Mountie living in some small town in New Brunswick, where the cost of living is as much cheaper and the major duties might just be highway patrol." Rather than paying allowances, the Mounties have moved units out of the big cities, including Toronto, which no longer has an RCMP detachment.

Harloff maintains that the quality of law enforcement, especially fraud investigation, has declined as a result. "You have to be close to the area your clients are in," he says. "Instead, you're always fighting traffic." Having worked on cases with Canadian police officials, Beagelman believes they are not only underpaid but are hampered by laws that make it difficult to conduct quick and effective investigations and to win timely convictions. "It's like a grand jury system for evidence," Canada doesn't," Beagelman notes. "We have

The RCMP's problems are not new. They have been building for years, intensifying during the period from 1980 to 1984 when Norman Inlander was commissioner. Inlander's successor, Philip Murray, is trying to turn the force around, restore its effectiveness and rehabilitate its reputation. But Murray is hamstrung by the legacy of the Inlander years: budget cuts, excessive bureaucracy and a paralytic structure, an internal recognition that went deep, and low morale that is causing officers to quit the force at the peak of their careers (page 13).

In the eyes of many experts, the RCMP has long been a mass of contradictions waiting to collide. The United States has about 100 specialized federal law enforcement agencies whose officers have the power of arrest—from the FBI and the Secret Service to the Bureau of Alcohol, Tobacco and Firearms, the National Parks Service, the Drug Enforcement Administration and the Immigration and Naturalization Service. But since the dissolution of the old Royal North West Mounted Police and the Dominion Police in 1893, Canada has had one federal police force—the RCMP—an extraordinary hybrid whose 15,000 officers try to do everything that the 100 U.S. police agencies do—and much more.

The Mounties enforce a range of federal statutes, including customs and excise, immigration, taxation, bankruptcy and drug laws. They guard the nation's borders, patrol the highways, protect the RCMP's headquarters in some places, issue parking tickets at airports. In addition to being the federal force, the Mounties are the provincial police in eight



4,000 officers on the line. "That's the real cost of fraud," he says. "It's a more serious problem than politicians and police administrators like to admit."

Investigators compensation and job frustration are taking their toll, especially in the commercial crime field, as officers at their mid-40s with 20 to 25 years' experience flood into the private sector. Of the 60 commercial crime investigators who were based in Toronto before the unit was dispersed to three smaller centres, half have quit the force. In Ottawa, Insp. Tim Kilian, who heads the Proceeds of Crime section, told Maclean's he's getting so bad that the private companies are literally knocking on the police station door to conduct interviews with our best and brightest officers. We're trying our best to keep them, but we don't have a hook of lot of room in which to maneuver."

In comparison, says Beagelman, "I can count on the fingers of one hand the people who have left the Postal Inspection Service over the years to go to work in the private sector." In Canada, fraud artists may once be able to count on the fingers of one hand the number of police left to chase them.

Harloff agrees. "I've not taken very seriously in Canada," he says. "The police are more concerned with violent crime." Yet one major fraud that Harloff investigated—the collapse of Transport Canada Canada—cost more than 1,500 workers their jobs and left an estimated

GIVING UP ON THE FORCE

With former hockey star Alan Eagleson's preliminary hearing on eight charges of fraud and theft scheduled to open in December, the two-time Olympic star is in the high profile case have left the RCMP for greater opportunities—and larger paychecks—as corporate investigators. Staff Sgt. John Glen, 51, quit this spring to join the Toronto-based forensic accounting firm Lindquist Arns MacDonald & Skerckelink, where he will investigate the same kinds of fraud he used to handle for the Mounties in the days before the force downgraded his elite Commercial Crime Branch. Glen was promoted into the private sector by his partner, Col. Glen Harloff, a 21-year veteran who took early retirement from the RCMP and went to work as an investigator for Price Waterhouse. They are two in a growing line of experienced officers who have found that their specialized investigative skills are more in demand in the private sector than they are in the police force. Former commissioner Norman Inlander went the same route after retiring from the RCMP in 1994: he launched an investigation and security subsidiary for the giant accounting and consulting firm KPMG.

Harloff, 46, a father of three, joined the RCMP in 1975 with a science degree from Ontario's University of Guelph. He followed the traditional route through the ranks, serving in such posts as Ontario and Western Ontario. After transferring to the commercial crime unit in Toronto in 1987. Along the way, he earned professional designations as a chartered general accountant and certified fraud examiner. Like many of his colleagues, Harloff was torn between a desire for advancement in the force and the realization that his specialty, white-collar crime, was no longer an RCMP priority. "I would likely have had to move out of commercial crime into some administrative role, and that's not what I wanted," he said. "I think I'm good at this work and I's what I want to do."

Then there is the question of money. Not only does the RCMP underpay its investigators in relation to the salaries they can command in the private sector—where an experienced investigator with an accounting background can charge clients \$250 to \$350 an hour—he has fallen badly behind U.S. police forces in pay and benefits.

Martin Beagelman, 46, is an investigator in California with the U.S. Postal Inspection Service—the oldest of the more

than 100 federal law enforcement agencies in the United States. "Remember in the movie *White Collar* and the *Sundance Kid*, when they were being pursued by a posse, one of them turned and asked: 'Who are those guys?' Well, those guys were us," Beagelman says proudly. Like Harloff, he has a science degree (from Cornell University) and is a certified fraud examiner. For 10 years, Beagelman has been investigating crimes involving the postal system, including a massive insurance fraud in New York City in which there were 175 prosecutions.

When Harloff left the Mounties, he was Beagelman: "a migration of fraud artists."



provinces (all except Ontario and Quebec), the territorial police in Yukon and Northwest Territories and the municipal police in 200 towns across Canada. When they are not chasing down rapists and murderers, arresting smugglers or protecting visiting heads of state, they are helping old people cross the street in the Prairies, mediating disputes or advise residents in the North or posting for tourists on Parliament Hill.

Over the years, the RCMP has attempted to adjust to the changing demands of its political masters. It has made itself less military, promoted bilingualism, opened its ranks to women, recruited members of visible minorities, hired civilians (or non-politicking jobs, decentralized administration and operations, and embraced advanced technology (page 30). It has even learned to act more like a business, generating revenue for the government by, among other things, confiscating the assets of drug dealers and other criminals.

Despite its efforts to become, however, the RCMP keeps running up against one inescapable fact—there are not enough resources available for the force to carry out its panoply of federal, provincial and municipal police tasks. But alone keep pace with today's sophisticated criminals. Since 1992, the number of RCMP officers has declined 6.2 per cent, to 14,897 from 15,661, while the population has grown 6.3 per cent. And over the same period, far from seeing an increase in their annual budget—\$1.8 billion this year, the Mounties have had to slash their outlays at \$173 million. Wages have been frozen for five years, with the result that RCMP officers now earn barely half as much as their counterparts in U.S. federal police agencies. Because the force will not pay housing allowances, even Mounties with 30 years' experience find they cannot afford to live in high-cost centres like Vancouver and Toronto. The result is an overtime rate so high that in some places police have become essentially a 9 to 5 operation. Police sources say that in Hamilton, full changes and a bus on overtime caused the RCMP to refuse to respond in two cases—one involving the sale of guns, the other a cocaine shipment.

Starting in 1994, budget cuts, plus a decentralization policy pushed by former conservative Minister Joe Clark, led the RCMP to pull out of Canada's largest city. There are no Mounties left in their former headquarters on Jarvis Street in Toronto; the officers—including 60 commercial crime investigators—were dispersed to three detachments in the southern Ontario towns of Bowmanville, Newmarket and Milton, each 50 km or more from downtown Toronto.

In few other tough towns, virtually the only RCMP operation left is revenue crime, leading to one known as Integrated Projects of Ontario. The IPOC program is utilized to produce revenue for the federal treasury through the seizure of the assets of criminals. Beginning in the mid-1980s, Ottawa gave the Mounties the power to seize the assets of drug traffickers, squandering it this year to include smuggling, illegal immigration rips and other organized crimes. Until recently, all the proceeds seized went into federal general revenue (and not, specifically, for police purposes), and, as this year, Ottawa has begun to share some of the proceeds with some of the provinces.

Commercial crime investigator John Kelleher, the RCMP's "lumpsum donor" to invest more in law enforcement IPOC program (if you can't make the business case to get more resources, they [revenue] are simply not going to be there," he says. The RCMP's



Facial specialist Peter Mout Peterson in RCMP forensic lab identifying victims

own figures, however, raise doubts about the program's effectiveness. In 1994, the force reported that it had seized assets—such as boats and houses—value of \$48.5 million, but when the assets were sold they produced only \$7.2 million for the treasury. In 1995, the Mounties valued their take at \$43.7 million, but they realized only \$14 million.

Critics both inside and outside the RCMP argue that the promise to collect funds for the government causes the police to give priority to the investigation and prosecution of those cases in which there is money to be recovered. Toronto-criminal lawyer Clayton Ruby contends that the process-of-crime approach to law enforcement is wrongheaded. "They're acting more like tax collectors with an attitude and a gun than like police officers," Ruby said. Philosopher Jane Jacobs outline the dangers of raising tax rates and guarding enterprises in her 1993 book, *Systems of Survival*. She is worried, she told Morley, about the RCMP's businesslike mentality. "If you try to make the police run like a business," Jacobs said, "you make it into one of those monstrous hybrids that we know the public interest well—just as a private business operating as a law enforcement agency ultimately won't work."

Former federal Conservative solicitor general James Kelleher is also concerned with what he sees happening to the Mounties. As the minister responsible for the RCMP from 1985 to 1988, Kelleher introduced changes to make the force more accountable and law-environment. Today, he says, the RCMP is headed in the wrong direction. "The Mounties are being squeezed and squeezed on their budgets," Kelleher said. "They're not able to cope. There probably should be a royal commission."

The part of the RCMP's operations that has been most affected by budget cuts and policy changes is the investigation of white-collar crime. In the mid-1980s, partly in response to a series of brutal murders in Quebec linked to a money-laundering scheme—a case known as the "Bijou murders"—the Mounties pioneered a new approach to commercial crime investigation. Until then, fraud had generally been treated as a civil matter. But when a non-violent but organized crime was making money into the business world, the RCMP felt it had to establish a powerful presence.

As a result, the Mounties created the specialized Commercial Crime Branch, which quickly alienated some of the force's best and brightest investigators. Widely regarded in other countries, the elite branch had some high-profile successes in the late 1980s and 1990s. As a result of investigations, the criminal-infested Canadian Stock Exchange in Montreal was shut down, and charges were brought against leading businessmen and companies in the petroleum and



Locust headquarters on Jarvis Street, Toronto, was too expensive

fraud scandals related to the dredging of the Hamilton harbor and the licensing of airport kiosks called Sky Shops.

In 1991, however, the branch was downsized and incorporated into a much larger operation called Off-Federal Services, which has borne the brunt of the budget cutbacks. Commercial crime investigations, especially, are starved for resources and manpower. This year, the Mounties will spend just \$28 million investigating commercial crime of all types in all parts of the country. That is barely two per cent of the RCMP's overall budget and less than half of the amount—\$80 million—that Canadian businesses lost last year to just one form of commercial crime: credit card fraud.

The Mounties have largely taken themselves out of the business of investigating white-collar crime—except where the government itself is the victim or there is money to be recovered for the treasury. Today, if a corporation is targeted by criminals, it has little choice but to hire forensic accountants and other private investigators—at rates that can run as high as \$600 per hour—to root out the crooks. Sonny Saunders, director of corporate security at the Royal Bank of Canada, says that budget cutbacks have caused no loss of force in Canada to date, but low priority to fraud investigations. "Violent crime takes priority," Saunders said. "If you think anybody would argue against that. That means increasingly that most corporations are going to do their own fraud investigations. Every day there seems to be more and more withdrawal of police resources."

For better or worse, Canada now has a two-tier system of law enforcement: the Mounties look after the interests of the state, and



Gpi. Al Pature in Ottawa, going a bomb disposal robot a workout

businesses look after themselves. Commissioner Morley acknowledges the situation. An affable 54-year-old career Mountie who made it to the top job three years ago, Morley seems to be far more positive than his predecessor Linkletter when it comes to the force. "I'm aware what the problems are," says boss Dennis Schickler at the RCMP municipal policing detachment in the Vancouver suburb of Burnaby. "He's under no illusions about how easy it's going to be to get the force back on track."

Morley is also under no illusions about his force's virtual withdrawal from the field of commercial crime. "We are a federal agency, and we have a responsibility to investigate fraud against the government of Canada," the commissioner told Morley. "If taxpayer money is at stake, we'll investigate that," Morley added, "but we don't have the resources to investigate if somebody does a fraud on the Royal Bank. I mean, that's not our mandate. That's not our responsibility. The long-term implications clearly are that we're going to end up with two-tier policing with forensic accounting firms dealing with those kinds of crimes over the long term, because the public purse simply will not be able to accommodate it."

The Mounties' worst crime opportunities for others. Florida-based private investigator John Quirk, for example, is preparing to expand his operations into Canada. Quirk, formerly with the CIA, says he already has a lengthy list of Canadian clients, including a number of major corporations and banks, and is currently investigating a \$400-million fraud in Canada. He, like others in the field, specializes in the kind of fraud investigations that the police used to do. To lawyer Ruby, the Mounties' abandonment of criminal fraud investigations is "a national scandal." And, he adds, "the RCMP is the only force that can talk about serious fraud in the country. There aren't nearly enough people doing this work. It takes years to do some of these investigations."

One man who has personal experience with two-tier policing in Ontario businessman Coaba Andrew Rinder. For eight years, Rinder and his associates fought an uphill battle to prove that a prominent Toronto lawyer and his Vancouver partner had defrauded the bank of \$1.5 million. In doing private investigations, they captured slightly more bank records and gathered enough evidence. Rinder believed, in worst-case charges.

But the Mounties were not interested in following up. Instead, Revenue Canada decided there were grounds for criminal charges involving \$15 million in income tax evasion. Revenue Canada prosecuted, however, do not have the power of arrest. When they need to charge a suspect, they call in the Mounties. In Rinder's case, the Mounties laid Revenue Canada in December, 1996, that the RCMP detachment in Milton, Ont., would be unable to send officers to Toronto to make the arrests—because the detachment had no money left in its budget for overtime or even for fuel for the 120 km round trip. It was only after Revenue Canada agreed to pay these expenses that the Mounties made the arrests. They got their men—but it was hardly the stuff of legend. □



Advanced technology has made the RCMP world leaders in a number of areas. On the left, RCMP technician Tom Beatty, pioneering

"**J**urisdiction level RCMP assistant commissioner Joely Phipps calls them. The pair of two metre-high machines with rotating glass fronts stand behind the locker door marked 'CenCIS Lab' on the first floor of the Mounties' Technical Operations centre in Gloucester, Ont., just east of Ottawa. "They are filled with disks, and you can call any one of them up and play a section," says Phipps, who allowed *Maclean's* correspondent to be the first non-police employee to visit the CenCIS (for Central Communication Intercept System) lab. But these placebos play no music. They are, in fact, computerised surveillance recording systems—the latest thing in wiretapping technology—and just one example of an array of sophisticated devices whose use has been pioneered by Canada's national police.

The RCMP—which is perhaps the world's most technologically advanced police force when it comes to tapping telephones—has pairs of placebos in operation in 27 locations across the country in small centres, the Mounties have the ability to monitor 20 telephone lines at a time. In busier places, such as Montreal, Toronto and Vancouver, the system will handle 300 lines simultaneously and can be expanded to 600 lines. In the past, the placebos and other high-tech innovations would have been shrouded in secrecy—but the thinking today is that the force must be transparent," says Sgt. Mike Gaudet. A response to persistent bad publicity, this new openness accounted for an exclusive four-day tour that *Maclean's* was given of the force's operations in the national capital area.

The RCMP still has to apply for a court order to tap a phone, but once authorization has been granted, the Mounties do not have to visit the site, climb a telephone pole or enter the premises to plant wires. The local telephone company simply sets up what is, in effect, a parallel line to the targeted phone line. The parallel line is routed back to one of the RCMP wiretapping stations.

While most of the conversations are transcribed live by operators—in Toronto, for example, the listening room has 50 workstations—all conversations are stored on high-density optical

POLICE SECRETS

Mountie scientists find new ways to catch crooks

disks. The system permits conversations to be recorded and located, Phipps says. "If a lawyer is involved and it's not clear whether he has a solicitor-client privilege or is a participant in the scheme, we can record the conversation, then look it. Someday, if need be, a judge could order that portion of the disk opened for the court."

Advanced technology has made the RCMP world leaders in a number of areas. On the left, RCMP technician Tom Beatty, pioneering

the computerized system creates a "signature" of a criminal's modus operandi and has been used to identify suspects, recently including a man who was charged last year with the 1987 murder of Toronto schoolgirl Alison Parrott. Another pioneering program is a graphic profiling system code-named ORION, which, while still in the testing stage, helped police to pinpoint the offender in a break-and-enter suspect in Vancouver. The Mounties are also considered to be leaders in most forms of identification, including DNA, fingerprinting, chemical and fibre analysis.

For Buddin, who heads the RCMP's chemistry section, is assembling the world's largest automotive paint database. It is unique in that it takes into account differences in undercoating as well as surface paint. "Undercoats are usually generated from suppliers in the region where car assembly plant is located," Buddin said. Then, he added, is especially valuable in tracking down older vehicles that have been reimported.

The force has entered into joint ventures with private industry in Canada and the United States to develop, test and market new tech. In an enormous RCMP garage in Gloucester are several armored vehicles that have been made impervious to bomb blasts. Part of the research was financed by a Canadian company, which is now marketing the armor plating around the world. The RCMP bench squad is working with an Ontario firm to design and test a blind-proof suit, which is also being sold globally.

But not everything the Mounties do is high-tech. On the desk of the recently retired Harold Peel, who was the force's director of forensic laboratory services, lies a distinctly low-tech invention called a "Warrior." Developed by an Edmonton police officer, it is a small rectangle of hard, black rubber into which two sharpened stainless steel rods can be inserted. "A loose police officer sees a suspicious vehicle parked near a building," Peel explained. "He wants to check the building but doesn't want the suspect to know. So he puts the Warrior under a tire and goes to the building. If the suspect tries to leave the scene, the tire is flattened." A simple device that fits into a policeman's pocket, the Warrior is an example of what Peel means when he says, "we're always looking for better ways to do things."

PAUL PALANGO



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The premiers prepare to tackle national unity



Consulting
in Ottawa:
a chance of
reopening
discussions

BY ANTHONY WILSON SMITH

When it comes to their annual summer conferences, Canada's provincial and territorial leaders have demonstrated a predilection for two things in recent years. The first is for scenic locations—and the second is for subjects provoking lateral debate. Two years ago, in luggage-friendly St. John's, Nfld., Jacques Parizeau battled with his counterparts over whether or not a sovereign Quebec would continue to benefit from agricultural subsidies. Various left the meeting early—with both sides claiming their point of view had prevailed. Last year, in Jasper, Alta., the topic was the future of social policy. Again the issue went unresolved. This year, the scene for the Aug. 6 to 8 meeting is the scenic town of St. Andrews, N.B.—and again, there is no shortage of divisive subjects, ranging from national unity and trade to who should control—and pay for—social programs.

The list begins, not surprisingly, with Quebec and the question of national unity. Said last premier Frank McKenna in an interview with *Maclean's*: "It would be fair to say that there are two groups on this issue—those premiers who want to work on Quebec concerns, and those who are more indifferent." At issue is a step by Alberta Premier Ralph Klein that could lead to reopening unity discussions. Klein's enduring popularity is partly based on his casual abandonment of the big caudex, but he has tapped in his approach to the potentially explosive unity file. In several speeches and appearances, he has said he is prepared to support the constitutional recognition of Quebec as a "distinct" society—provided such recognition confers no special powers on the province. At their meeting early in July with representatives of the powerful Ottawa-based Business Council on National Issues, Klein came away convinced that the premiers must do more to promote national unity before another Quebec referendum.

The BCNI, in fact, wants the premiers to join forces to formally recognize Quebec's distinctiveness. Klein stops short of formal support of that. Instead, he said he will act as a "messenger" for the BCNI proposal. But, insisted an official in Klein's office, "That does not mean we are endorsing anything." Small wonder any suggestion of a different form of status for Quebec resonates so powerfully among English Canadians in general, and Westerners in particular. It was almost certainly because of that sentiment that Quebec Premier Lucien Bouchard—who in the past has refused to discuss constitutional questions at similar meetings—called Klein's suggestion a "waste of time." But he added: "If someone wants

Language is territory

to take ten minutes to say that there are people who would like him to speak about distinct society, I will let him speak."

In fact, after discussion lasts any longer than that, it is likely to delight Bouchard by exposing the deep divisions among the premiers. Klein, McKenna, Saskatchewan's Roy Romanow and, to a lesser degree, Manitoba's Gary Filmon, have all recently expressed their unwillingness to consider specific proposals related to Quebec's traditional demands. "Of course it is desirable to resolve things with Quebec," said Filmon. "But that is just part of a whole realignment that has to take place." On the other side, the most hostile of those opposed to any such gesture is B.C. Premier Glen Clark. And Ontario's Mike Harris—who at various times in the past spoke in favor of the Meech Lake and Charlottetown accords—now shows little or no interest in any such discussion.

There are two other potential surprises among the premiers. One is Newfoundland Premier Brian Tobin, who, despite his close ties to Prime Minister Jean Chrétien and past open paths toward Quebec, now appears, on the face of declining personal popularity, to be taking a harder line on the issue. The other is the newly elected premier of Nova Scotia, Russell MacLellan, a lifelong, longtime federal Liberal MP. But he opposed the Meech Lake accord and is considered to be a solid, divided society realist. Premier Edward Iqbal's Tory premiership, Pat Ryan, has not made his views on the subject known.

On the surface, none of that bodes well for any progress. But there are several compelling reasons for saying otherwise. One is the concentration of many political strategies that it is important to make a tangible gesture towards Quebec before another referendum—in the hope of avoiding one altogether. Another is the belief—long held by Chrétien and his advisors—that they could place Bouchard in an extraordinary dilemma by formally proposing a type of specific recognition for Quebec. Bouchard himself commented to that effect, "I would have to choose between, on the one hand, not to do so, or to do so and then face the difficult task of explaining to voters why he did not accept something offered to the province at no cost."

Meanwhile, there is the certainty of another Ottawa-Quebec showdown. This fall, the Supreme Court of Canada is scheduled to hold hearings on the federal government's challenge to Quebec's self-declared right to unilaterally declare itself sovereign. Bouchard's Parti Québécois government has refused to appoint a lawyer to represent its position because, it says, the terms of the federal challenge unfairly disadvantage Quebec, while the province's moral right to secede in the event of a Yes vote should be self-evident. But last week, the PQ suffered a setback when prominent pro-sovereignty lawyer André Joyal-Côté agreed to argue Quebec's case as a court appointed "friend of the court." That, Quebecers concede, will give the case an added moral legitimacy within the province.

In the wider circles, there is also strong feeling that if anyone can

break the present unity logjam, it is Klein. "There is," said McKenna, "a particularly crucial role for Premier Klein to play—and it would be wonderful if he chooses to." Klein, along with other premiers such as Filmon, suggests that the premiers join together in putting for a "reframing" of powers that would equally benefit all provinces—including Quebec. That, in turn, might make it easier to sell the then-large hyperbolic notion of recognition of Quebec as distinct in all parts of the country.

Klein, blessed with arguably the shrewdest political instincts of any of the country's first ministers, has repeatedly demonstrated a strong personal interest in Quebec issues. He was the first premier to visit Quebec after he became premier.

After 1986, referendum, and the first to visit Bouchard after he became premier. On the other hand, his success in slowing his province's spending and balancing Alberta's budget has made him an advocate of political right-wingers across the country—despite his cool personal relations with another darling of the right, Reform Leader Preston Manning. Manning, for his part, has asked to meet informally with the premiers before the meeting to discuss unity issues. With Chrétien's ever-growing circle of advisers, Klein merits the highest praise. "We think," says one, "Ralph is someone you can almost always do business with."

But the federal government will be watching other lines on the premiers' agenda with what another Christian adviser terms "a most extremely astute eye." One highly controversial issue concerns the control and financing of the country's social programs.

That question caused just as much worry for the premiers even before last summer's premiers' conference began when a leaked Ontario government document proposed the federal government withdraw completely from social programs. This year, there are signs the debate will surface again—and further emphasize differences in regional attitudes. The strongest support for decentralization is in the three western provinces of Alberta and British Columbia, followed by Ontario and Quebec, the strongest opposition is in the four Atlantic provinces, where reliance on the federal government has traditionally been highest.

Most premiers, however, concede the largest potential mischief lies in an absence of national unity—even as they agree at the time for the provinces to play a bigger role. "After the [1995] referendum," said McKenna, "there was a very clear sense that people wanted us to stay away from the issue, and deal with business. Now, there are in relatively good shape—so it is a better time for us to look at our collective future." Still, he concedes, there is one word that virtually everyone is eager to avoid. "The best way to start," he said, "ought to be to focus in the word 'constitution' and build upon that again. There are many ways to effect change that would avoid bad negotiation." Denied though they are in other issues, the premiers remain united in understanding how best to avoid controversy. □



McKenna and Filmon: stepping into a potential minefield



HAMPTON
CANADA

After the inferno

Hot from the inferno, worried Kate Kennedy's face as she watched the flames lick the sky near her home in Hamilton. That night she dreamed that her mouth was full of smoke and she woke up choking. "I was scared, and got out into bed with my grandmothers," the brown-haired, nine-year-old said last week as she walked by the mass of twisted steel and charred rubble—all that was left of the Plasterton Inc. recycling plant after a four-day long fire was finally extinguished on July 13. The massive 7,600-square-metre brick warehouse in the city's north end had been filled with almost 200 tonnes of plastic auto parts, vinyl and polystyrene foam. The spiralling plume of smoke rose to the height of a 10-tonne brew of hydrochloric chloride and dioxin—a deadly carcinogen—into the air. And Kate says that even though the firefighters have left, she is still worried. "We heard you could be poisoned if you touch something," she explained. "We're not supposed to play around there."

Just half a block from the devastation that covers an area greater than a football field, Alain Gosselin, 58, stood on his front porch and sniffed the air still heavy with the smell of toxic fumes. She also believes the blue lot behind a pensioner's residence, and with a house, backyard, beach, she scrubbed

the front of her house until smoke wisps rode down the street. Later, in her backyard, she sadly observed all her tomatoes, peaches and cherries—which will go rotten this year because she fears they have also been contaminated. "It's all gone," she said, holding one of the peaches. "The tree is scared to eat it."

Before the danger was fully understood, the whole neighbourhood turned out to watch the fire when it first broke out at about 7:40 p.m. on July 9. But when it became clear that the plant was full of plastics containing polychlorinated biphenyls, which produce dioxin when burnt, Hamilton West Conservative MPP Ian Hanley tried to get the majority of the environment and energy to dispatch high-tech monitoring equipment to the site. When she could not reach anyone, she phoned Environment Minister Norma Sterling at his home at 2:30 a.m. The gear was finally sent and Sterling has since promised to investigate the slow response.

When the word died down on the third day and a toxic cloud of smoke settled over the neighbourhood, residents were asked to leave voluntarily. Two days later, when the almost 600 people who had fled returned, city health officials sent door-to-door warning them to

Don't eat the food that has left residents frightened

watch the doors lead door off their homes and to avoid eating vegetables from their gardens. Their fears increased when Matthew Broadley, a chairman with the environmental organization Greenpeace, said he was sure a massive amount of dioxin had been released. "This has to be treated as a toxic waste site," Broadley. "This is dioxin." Environment and health officials continued to insist that the danger to the public had been overruled. During the first two days of the fire, dioxin levels soared, but Bill Hunter, director of environmental health with the Region of Hamilton Wentworth, said they quickly fell back to tolerable levels. But many people in the area say they should have been evacuated as soon as the fire started, and last week a local lawyer launched a \$300,000 class action suit against the City of Hamilton, the Region of Hamilton Wentworth, the majority of the residents' event and Plasterton. However, he insists the whole issue has been blown out of proportion. "I'm not sure it's an environmental problem," said Sterling. "I don't think it's an urgent issue."

It is not just homeowners who are angry. Private schools in nearby buildings were also mandated with emergency drills. One of the hardest hit was St. Patrick's Anglican school, which means metal beds for sleeping. Last week, dozens of uniforms, some wearing masks, vacated the building with high-tech equipment in an attempt to erase any trace of the dioxin. But the fire says it could have been much less if Plasterton officials were able to quickly get back into production. Said plant manager John Kennedy: "Obviously, our customers are going to go after us for their losses."

While the cleanup continues, Hamilton city council says it is now in a position to pay Plasterton owner Jack Liberman has been asked to appear before the council to explain how he intends to clean up the area. Before the blaze, city officials had asked Plasterton to install a new sprinkler system—but Liberman had failed to act. New officials tried to ensure that other plastic recycling plants meet safety standards. "We have to use fire in a better way," says a Hamilton fire prevention officer Frank Beauchamp. As they played out the fire, the plant, Kate and her friends could only hope the lessons have been learned.

TON FENNELL

Canada NOTES

A CALL FOR ACTION

The West Coast salmon war escalated with B.C. Premier Glen Clark calling for strong mitigation against the United States. The river came after federal officials said Alaskans were intercepting record numbers of salmon bound for B.C. spawning grounds. More than 130 B.C. fishing boats presented a U.S. fish packer from tying up at a fish plant at Prince Rupert, and a day later prevented an Alaskan ferry from leaving the port.

ORDERED TO TESTIFY

Ontario Court Judge Joseph Sheppard ruled that Clifford Frame and Marvin Polley must testify at the inquiry into the 1992 Wexham mine explosion in Nova Scotia that killed 26 men. Frame and Polley, both residents of Ontario and former executives of Cornish Resources, which owned the mine, had argued the inquiry did not have jurisdiction outside of Nova Scotia. It has been on hold pending the outcome of the Ontario case.

TOUGH JUSTICE

In what one expert called the harshest drunk-driving conviction in Canada, a judge in Brockville, Ont., sentenced 57-year-old Peter Miller to 8½ years in jail. Making already convicted 10 times of impaired driving, had a blood-alcohol level three times the legal limit when he killed Paul Gendron and his four-year-old son, Raymond.

BACKING DOWN

British Columbia's MCF government withdrew controversial new labor legislation in the face of strong opposition from the business community. Among other things, the bill would have made it easier for workers to organize. Business leaders complained it would cause severe investment.

SNOW GUILTY

A Toronto jury convicted former Ontario attorney general David Siro, 46, in an April 1992, double murder, the start of a crime spree that ended with his arrest three months later in Vancouver after killing and Nancy Blackstock near Toronto. Siro travelled to British Columbia, where he kidnapped and sexually assaulted her. Women. Now serving a 10-year term in a women's prison, Siro has been declared a dangerous offender for three crimes. Siro received a life sentence for the Blackstock murders.

Justice—30 years later

The battle lasted almost three decades. But now DNA testing by a British laboratory finally exonerated David Milgaard, 45, in the 1969 rape and murder of Solosution (naming wife Gail Miller). "The cloud is gone," said Milgaard's mother, Joyce, who has stood by her son since his arrest months after Miller's stabbing death. Milgaard, convicted in 1970, spent almost 23 years in prison. He was released in 1993—but never fully exonerated—after the Supreme Court of Canada reviewed his case and recommended a new trial. The Saskatchewan government refused either to prosecute Milgaard again or to build a public inquiry.

Last week's DNA tests, conducted on semen found on Miller's underwear, were monitored by the federal justice department and the RCMP. Within hours of the announcement, Saskatchewan Justice Minister John Nilson apologized to Milgaard and said he will be offered compensation. The province will also consider a public inquiry. Attention now shifts to Larry Fisher, who served more than 20 years for a series



Milgaard after receiving DNA results; the cloud is gone

of Solosution rapes and attempted murder. He has denied any involvement, but Milgaard's lawyers said the genetic tests showed there is a one-in-100-billion chance that the semen came from someone other than Fisher. Justice officials said they had not yet decided whether he will be charged.

Murder and a manhunt

The RCMP in British Columbia launched a massive manhunt for Kevin Louis Vermette, 43, of Kitimat, 800 km northwest of Vancouver, after three young men were found dead. On the evening of July 13, police received reports of gas stations in a local community. When they arrived, they found Mike Weiss, David Mann and Mark Trem in a pool of blood. All were in their early 20s. A fourth man, Don Oliveros, was rushed to Vancouver with life-threatening injuries.

The RCMP quickly identified Vermette as the only suspect. But by late last week, police had failed to track him down, despite the use of dogs and a helicopter equipped with a heat-seeking device. Authorities said the dead underbush in the area hampered their attempts to find Vermette, described as an avid skier and fitness buff. No motive was given for the killings, but police are investigating rumors that one of Vermette's two vehicles had been vandalized.

Meanwhile, the close-knit community of Kitimat struggled to come to terms with the tragedy. The mining and forestry centre of about 12,000 people built on its small-town values, and many shocked residents sought grief counselling provided by local authorities and businesses. A funeral service for the victims was held and drew about 1,200 mourners.

RCMP Angels in Alberta

Months in the Red Deer, Alta., led to the arrest of about 100 bikers associated with the Black Angels motorcycle gang. The motorcade and well-organized group, which is active in British Columbia, Quebec and New Scotia, will stage a public ceremony this week in which a local gang, the Grim Reapers, launches its claim for the Angels' "territory"—plans the organization is reported in Alberta. This spring, the Angels' request for Canadian citizenship—arguing they are mostly from the Rock Machine in Quebec—prompted the federal government to send out new laws intended to curb the criminal activities of motorcycle gangs, including drug, trafficking and prostitution. But the new measures—which, among other things, give police wider powers to track a bike and out of the province of crime—will not be enough to stop the gangs' move into the province.

MURDER IN MIAMI

CRIME

BY ANDREW PHILLIPS



Versace with supermodels Campbell (left) and Caputo's *Evangelista* last year: end of a legend

South Beach, the shiny, sensual Miami neighborhood where Gianni Versace lived and where he died so suddenly last week, has its own way of doing things. On the steps where the famed fashion designer was shot to death, mourners created an impromptu shrine of flowers and candles and scribbled messages, as they might in any other. What made this different was the parade of hard-bodied models, dragging by to pay their respects but not averse to flashing a smile and striking a pose for the photographers. And in the evening, and far into the night, the bars and clubs of Ocean Drive and Collins Avenue were as packed as ever. South Beach might have lost its most celebrated citizen, and a killer with four other victims behind him might still be on the loose. But even that, it seemed, could not slow the business of looking good and partying hard.

Versace would likely have wanted it that way. Even in a business that celebrates the ephemeral, he was the ultimate man of the moment, the master fantasist who fused rock, sexuality and outright vulgarity with high fashion. "I am not interested in the past," he once said. "except as the road to the future. I am never nostalgic. I want to understand my time." Versace's ability to express his taste in silk and satin, leather and lace made him one of the greats of international design—and an extremely wealthy man. His worldwide fashion empire was doing \$1.1 billion worth of business a year when he died at 50 outside his condominium mansion from two gunshot wounds to the head. The Versace label had become bigger than the man, making his associates and disciples confident that the empire would survive the loss of its founder. That was certainly Versace's own wish. "Sooner or later, I will be off the stage," he had reflected. "I would like the name to live on."

Police accuse a gay gigolo of killing designer Gianni Versace

Versace's brutal murder ended one legend, but it created another: an infamous slasher. Within hours of his death, police were distributing posters bearing some of the many faces of the man they described as their only suspect: 27-year-old Andrew Philip Cananese. Hundreds of officers cordoned south Florida for Cananese, the free-spirited, high-living gay gigolo from San Diego, Calif., who was already notorious for the deaths of four other men since late April. A month before Versace died, the FBI added Cananese to its Ten Most Wanted list—but he had eluded police. Last week, he slipped away again, and those who study multiple murderers issued a blunt warning: he will strike again. The fear was greatest in heavily homosexual communities like South Beach, where three of the men police believe Cananese killed—including Versace—were gay.

Apart from their sexuality, the two men had nothing in common. When their paths crossed early last Tuesday, if the police theory is correct, it was short and unexpectedly violent: Versace had been in Miami for 4½ days, taking a break with his companion of the

past 14 years, Antonio D'Amico, after showing his latest line in Milan. At about 8:30 a.m., he came out of his Mid-Atlantic-style villa alone, without the guards or entourage that accompany other celebrities who have homes nearby. Versace walked three blocks south on Ocean Drive to the News Cafe, a combination bar and restaurant that is a popular hangout for South Beach's signature crowd: the tanned and toned young people who flock to the district's fashionable haunts of fashion and blue-riding. He paid \$15.95 for



Cananese, murder suspect in Versace's home 1996: a fugitive wanted in four other deaths

**Wearing
his wares**

CRIME

the magazines and styled bottles. As he mounted the steps of his house, he would take one in the back of the head, the killer that has again in the days and by on the ground.

Edie, Bianca, owner of an in-line skate shop nearby, moved to the house when he heard the shots. He found Versace lying in a pool of blood; the magazines scattered across the steps. "It was really badly wounded in the face," Bianchi recalled. Doctors could do nothing; they pronounced Versace brain-dead at a nearby hospital. Bianchi was badly shaken by the death of a man who was both a neighbor and an international star. "I didn't see Versace as a designer," he said. "I saw Versace as an artist."

The circumstances pointed to Canosa. Versace was killed with 40-caliber handgun—the same type of weapon used to kill another of his alleged victims, William Nassar, in East Rock Lake, Miss., on May 3 in a parking garage near the murder scene; police found a pickup truck that had belonged to William Nassar, who was shot to death on May 1 in Princeton, N.J.—also, according to police, by Canosa. Beside the truck, they found clothes matching those that witnesses said were

Versace unabashedly traded on the allure of celebrity to sell his creations

worn by Versace's killer, as well as a backpack containing Canosa's passport and a change bearing his name. On the face of it, it seemed that Canosa was recklessly scattering dice and daring police to catch him. "This guy is tempting the police," said criminologist Jack Levin, a Boston-based authority on multiple murderers at Northeastern University in Boston. "He thinks he's smarter than them. But he's becoming more reckless—and more dangerous."

For Versace, the road to South Beach began in 1965, when he dropped with 17 years in Miami on his way to Cuba. He met it a job driver to give him a ride, adding only "I'm not, don't take me to any boring place. Take me where the action is, where the artists, the young people, are." The driver immediately drove to South Beach and let them off at the News Cafe. What Versace found enticed him: an island of casual hedonism separated by passageways across sparkling Biscayne Bay from the violence and ethnic tensions of Miami proper. The southern stretch of Miami Beach, known as South Beach, was already the hot new refuge for movie stars escaping Hollywood, sporting models of both sexes hoping to be discovered, and a gay community that found a relaxed and accepting atmosphere. All failed the frenetic all-night party scene in clubs with names like Liquid and Club Six. Versace, fresh off the plane from

old, grey Milan, looked—and he heard "Magic people, magic surroundings," he said later.

By the time Versace arrived, Miami Beach was well into a revival that had started in the mid-1980s. The area had a reputation of glamour in the '60s, when TV stars like Jackie Gleason celebrated at the "fin and sea capital of the world." By the '70s, it was infested and looking elderly in return from the northeast set of style with black socks and Savile Row suits. Drug dealers and Cuban criminal refugees came to score the '80s saw a turnaround. Preservice florists sought to restore the area's famed Art Deco hotels and apartment buildings. Miami Vice (which, coincidentally, featured some of Versace's designs) popularized its pastel jungle. Then, baby-sitter editors and *Elle* mags discovered it—and remade it once more.

Versace, by that time, was well-established as one of the kings of the fashion world. More than anyone else, he created the phenomenon of the supermodel—stars in their own right such as Claudia Schiffer, Naomi Campbell and Christian Lacroix. He unabashedly traded on the allure of celebrity to sell his wares, ensuring that international icons like Madonna and Diana, Princess of

Whites, were draped in Versace and in the front row when he showed his new lines. "He was one of the first to marry the idea of fashion and celebrity," said Bonnie Fuller, the Toronto-born editor of *Cosmopolitan* magazine. "He really understood how celebrities sell fashion—how they make other women feel like it."

With such success came vast amounts of money. Versace already had rented houses in Milan and an Lake Como in northern Italy. But he wanted a place of South Beach and he found it on Corvan Drive in a mansion called Casa Casanova that had been named into a hotel. He bought it for \$4 million, a sum he only dreamed as "a lot of expense at all," the price of an apartment in Milan. For good measure, he bought the building next door for \$6.5 million and leveled it to make room for a new casino, swimming pool and two-story penthouse house. Then he leveled millions more—estimated as high as \$46 million—on turning Casa Casanova into a refuge for himself and his sister and business partner, Donatella, and her family.

The 13,000-square-foot building, an imitation 18th-century Neoclassical palace, was transformed in true Versace style—a mix of marble, mosaics and classical touches. The ceiling of one salon is patterned after a leopard skin. Versace snarled. On the walls of the dining room are Byzantine mosaics of pebbles. The walls are hung with Picasso, Munch and old masters. Toronto artist Charles Pachter, a longtime resident of South Beach, says Versace's "homocentric" mansion "became like a centerpiece of the new Miami Beach. It stood

CHIC, ELITE AND NAUGHTY

BY SUZANNE ROYD

It is a sad irony that Gianni Versace was gunned down in front of his house on Ocean Drive, the main drag of Miami's South Beach that has become a mecca for the hangers-on, bit players and stars of the fashion world.

The curly Art Deco strip is a spiritual mix of flash and class, history and hedonism, and between its extremes of the chic and the vulgar, there is no better environment for Versace's designs.

After starting his own label in 1978, Versace grabbed the limelight with his now legendary chain-mail dress. It gave cues again to the fashion as work would take—the technical process, the innovative use of unusual materials and the deflection of the female form. But his work was most clearly defined by an in-vogue face celebration of sexual intensity: leather bondage plays from which elegant evening gowns hang, naughty pink schoolgirls' safety glasses with candy-colored baby-doll hues, all with the requisite high heels.

For this he was lauded and criticized. As the man who helped open the supermodel phenomenon of the early '90s after he sent a chorus line of gladiators down the runway in 1991, Versace unleashed in an era of unbridled glitz. That treated a backlash from which fashion is still reeling. He didn't seem to care about the working woman unless she was in the business of becoming Mrs. Sylvester Stallone or making a cosmetic claimant. He upped the ante for glamour, sexiness and physical perfection to almost baroque proportions, which was great for the paparazzi but a standard real woman found difficult to meet. But this excess, plus his love of gold hardware and Greco-Roman motifs—he embellished his trademark Medusa heads on everything from sunglasses to jeans to pajamas—was right for a moment when too much was new enough. When George Armani mimicked behind a discreet veil of good taste and Karl Lagerfeld distanced himself with his hand-held hair and intellectualism, Versace was the most popular of the three Euro-

pean supermodels. The one thing that the much-maligned 1995 film *Scorsese* got right was the fact that a Versace dress was the pat of gold at the end of stripper Nomi's rainbow. The apex of his sensuality was elegant, proportion and quality combined with a taste level exquisite enough to filter down. And while "Arman crossed the wife and Versace crossed the mistress," as Holli Hurnham's late Hyman puts it, in his later collections the designer moved with the times beyond his rock 'n' roll, shock 'em feelings to a more genteel take on femininity that a client like Diana, the Princess of Wales, could buy into.

Versace proved much of the footage that turned fashion into the global spectator sport it is today. His shows were not so much runway presentations as scenes, whose heat was generated by famous crowds in close proximity. Only he could have orchestrated an event where some of the best brains in showbiz—Mira Sorvino, Elizabeth Hurley and Salma Hayek—were positioned front row, receiving various permutations of the same red carpet constructed with his signature support. Elton John, Madonna, Joe Bon Jovi and The Arista (formerly known as Prince) were just some of the glittering friendships that Versace usually cultivated into marketing bonuses.

Glittering and gay as he was, was the currency that fueled Versace's billion-dollar empire. He captivated the public imagination with his palatial homes and opulent lifestyle, for which he made no excuses. And this was what his aesthetic was about: One knew that disgraced Olympic sprinter Ben Johnson was over his men's college career when he adopted it as a trendy Toronto bar playing solo in a distinctly gathered shirt that could only be a Versace.

It is another sad irony that Versace's most recent fragrance was christened *The Designer* and that the allure of the American Dream fueled his ambitions. The fresh energy of the new world, so like that of his old runway shows, propelled his creativity and drew him to South Beach. While the Versace family has lost a loving brother and uncle and the world has lost a great talent, the world of fashion—which, unlike rock, had never suffered the violent death of an icon—has lost little if not its resonance. The show's over, at least for this season.

Suzanne Royd is editor-in-chief of *Fragrances* magazine.

and because it was the work of a supreme narcissist. When nothing to do with the surrounding Art Deco architecture. It was Versace's premise. "From the rooftop observatory, Versace could look out over the gay beach across Ocean Drive, a three-block display of sills and smashed faces. 'There are a lot of faces and a lot of pretty boys there,'" says DeLoe, who began to paint the scene soon after he arrived in 1983.

Over the years, the guest list at Casa Casuarina has been similarly exotic: rock stars befriended by Versace, such as Sting and Elton John, and celebrities who spend part of the year in South Beach, including Madonna, Gloria Estefan and Sylvester Stallone. Unlike other superstars, though, Versace did not hide away behind parties and walls. His mansion is the only private house on Ocean Drive, and the designer often strolled the streets and beaches alone. His style was later embraced and he may have chosen names South Beach as his American base, but Versace led a remarkably discreet home life. "I am not a rock star," he once said. "I am a quiet person—single, natural." He and D'Amico preferred to spend most evenings at home, or ventured out to sit quietly in a cafe. Versace seemed to have found his place. "I am at peace with myself," he told another interviewer.



Sami and Donatella carry their brother's ashes in Italy, en route to Miami.

Across the continent, however, Andrew Casanovi's life was rapidly heading towards crisis. He grew up in a middle-class neighborhood in San Diego, the youngest of four children of Madeline and Marjorie Casanovi. He attended a prestigious private school, the Bishop's School, in the elite suburb of La Jolla. He was openly gay and once took an older man as his date to a school dance. His classmates cynically noted that "Last likely to be forgotten" when he graduated in 1982.

The next year, his father, a U.S. navy veteran turned stockbroker, was accused of embezzlement and fled to his native Philippines. Casanovi dropped out of university and moved to San Francisco, where he frequented the clubs and bars of the gay Castro district. Acquaintances recalled him last week as boisterous and brash. At times, he said he came from a wealthy Italian family, at other times, he would insist on his roots in Hollywood or traveling to Europe. Sometimes he changed his name, calling himself Andrew DeVito, by any name, he had plenty of money—and plenty of friends—willing to accept his drinks and meals freely paid for.

The obvious question for the alleged killer was: why?

According to police, though, Casanovi's only legitimate job was a brief stint as a drugstore clerk. The source of his ample livelihood lay elsewhere, more secret life. His mother described him to the *Orange County Register* as "a high-class homosexual parasite." That description, though, may be misleading. What Casanovi did was with apparent success was frequent private parties among San Diego's gay elite to seek out wealthy, older men who were not public about their sexual orientation. He was young and stylish, but also sophisticated and well-mannered—and had little problem attaching himself to men with large bank accounts and a need for discreet companionship. Nicole Razzano, Miami, columnist for the *Gay and Lesbian Times* in San Diego, knew Casanovi at the time and says the brother label is wrong. "Freakshows go from johns to johns," Murray said last week. "He was more of an American John Doe."

Casanovi's relationships lasted for months, sometimes as long as a year. Murray said his last liaison ended early one year—paid with a small amount of money. Another relationship was charged around that time. He moved tens of thousands of dollars in and out of his bank accounts. He began to get on weight and stopped grooming himself as carefully as before. "He was letting himself go," said Murray. "Maybe he was realizing it was the end of the road for his lifestyle, so what was next?"

with a hammer. Four days later, on May 3, Madonna's body was found washed upon the shore of East Rock Lake, an hour north of Minneapolis. He had been shot in the head with a .40-caliber pistol. The three men, police say, had been seen drinking together shortly before Trill's death.

Casanovi allegedly stole Trill's Jeep Cherokee and drove it to Chicago. There, on May 4, again according to police, he claimed his third victim: 73-year-old real estate developer Lee Maglin. Maglin's body was found in his garage; his throat had been cut with the blade of a jewelry saw, and his head was wrapped into a tummy's in a missing tape with only a hole for the nose. Police have found no definite link between Casanovi and Maglin, a newspaper reported that Casanovi was a friend of Maglin's son, an actor, but the family denies that. Casanovi traded Trill's Jeep for Maglin's Lexus, and drove to Princeton, N.J., where police say he killed Rocco, a 45-year-old security guard. The only apparent motive in that murder: Casanovi wanted to replace the stolen Lexus with Rocco's red Chevrolet pickup. From there, he headed south—to Miami and his alleged rendezvous with Gianni Versace.

The links, according to police, are clear: What is missing is an obvious motive for Casanovi's cross-country killing spree. Psycholo-

gists and criminologists offered their long-distance speculation. In October, given his sexual orientation, some suggested that Casanovi might have discovered he had contracted AIDS. Others said he might have been dumped by a lover—and he wanted to avenge himself against wealthy gay men of the kind who had supported him. "My guess is he has experienced a catastrophic loss," said Lewis, the Marquette University criminologist, "and he's doing his vengeance of the gay community."

Also making was any clear link between Casanovi and Versace. Massimo Ortis, a writer for *Rusty Flax* magazine, had been researching an article on Casanovi for six weeks. Orti quoted a friend of Casanovi who says he witnessed an encounter between the two men backstage at the San Francisco Opera. By that account, Versace recognized Casanovi and exclaimed: "I remember you. *John Doe*, so?" (Like *John Doe*, right?) Versace's family finally denied that story—leaving open perhaps the biggest question of all: why did Casanovi target the designer?



Making the scene in South Beach, the murder could be the end of the business of clothing giant and his gay community.

Versace left behind a billion-dollar global business empire that, by most accounts, is flourishing. There are 130 Versace shops around the world—including outlets in Vancouver, Montreal and Toronto. Reported profits last week: \$1,600—no small fee as a chain of 30 stores selling the less expensive Versace line (as in 1989). Versace, 36, who is also a film producer, perfumier and other accessories bearing the Versace label, an entirely private affair. Gianni owned 40 percent. His brother, Santo, 32, is CEO and owns 35 percent. The other 25 percent is owned by Donatella Versace, the designer's 43-year-old sister and closest working partner. While he was relatively quiet, she lives up to the Versace image of a partying through the night, and in recent years has taken on a more important role in the company.

When Gianni fell ill in 1993 with a rare form of cancer, she took the lead. Her brother was comatose for the three weeks, but both have acknowledged that there was a rivalry between them as he launched the Versace brand and her own fragrance, Rocco. Still, their relationship was close, and intense. Casa Casuarina contained a large apartment for Donatella, her husband Paul Beck, and their two children. Beck began as a model for Versace in Miami, and there were no permanent rumors that before he was Donatella's husband, he

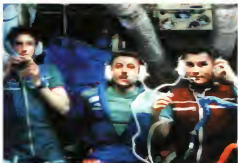
was Gianni's lover. In a recent issue of *Vanity Fair*, Beck tackled that headline for the first time. "I would say, 'Anybody, Gianni's my last friend,'" he said. "That's it. Never been more than that."

The company has had its share of recent controversy. The Versace name successfully sued a British newspaper, the *Independent on Sunday*, over a 1994 article that linked their empire to Mafia money laundering. The newspaper apologized and paid damages. Santa Versace was caught up in Italy's recent corruption trials. He, along with several other fashion executives, was accused of paying bribes to avoid taxes. In May, he received a suspended sentence of 14 months in jail. But the company continues to grow: gross profits in 1994 were up 10 percent, at \$635 million, and Gianni had been planning to take the company public next year. That still has to be delayed, but analysts agree that as long as Donatella and Santo maintain control, Gianni's work that the Versace name live on should be fulfilled. "Personally, I would invest in them," said Emanuele Pedretti, a Milan-based consultant to the fashion industry. "They are growing rapidly

and are highly profitable." Other design houses—such as Chanel and Gucci—have survived the deaths of their founders, the name proving malleable enough to ensure continued sales.

In the end, though, last week was the death of a man, not a label. And amid the predictable professions of shock from celebrities—or more exactly, that spoke more—others offered more personal tributes. Jada Pinkett, fashion editor of the *Entertainment Weekly*, a Toronto-based arts and culture magazine, worked closely with Versace in Milan for two years in the early 1980s as an in-house model. When she was about to marry in 1983, she recalled last week, Versace told her to pick any dress from his collection that she wanted. "He was very expressive with his face because he had those beautiful dark eyes and a wonderful smile," she said. "His eyes got in me up I told him I was getting married. He said, 'Just go to my show room and choose something you like.' I thought that was so sweet and generous." It was, Erdem thought, indicative of the gentle man behind the glitzy fashion machine.

Web: **GERARDYNN SHAW** and **ISOTHE KALTON** in Miami; **MICHELLE RIGOLD** and **PHILIP WILLIAM** in Rome; and **MARTIN MCDONALD**, **TOM PENNELL** and **BETH ANDERSON** in Toronto.



Poole (left), Lantieri and Tolstoyev spent spinning out of control in the dark

Mission improbable

After more than 11 years in earth orbit, the accident-prone Russian space station, Mir, is looking as increasingly old and decrepit. Just after about half a year aboard, Mir's career commander is displaying signs of wear and tear himself. Yury Tolstoyev, 43, was at the controls in June when a docking operation went awry and an unmanned Russian supply ship smashed into Mir's Spektr module, cutting off half the station's solar-generated electricity. As Tolstoyev and the two other crew members practised making repairs to Spektr last week, the Russian commander complained of stress, difficulty sleeping and an irregular heartbeat. Shortly after that, a crew member accidentally disconnected a computer cable, sending Mir tumbling through space with its lights and air conditioning shut down for 24 hours. Russian officials would not say who pulled the plug. But the latest fiasco fed growing doubts about Mir's continued usefulness, and was almost certain to force postponement of impact to Spektr until a Russian relief crew reaches Mir next month.

With Tolstoyev taking heart medication and sedatives, plans for the Spektr repair operation had to be hastily altered. At one point, U.S. space officials agreed to let British-born

American astronaut Michael Poole take Tolstoyev's place and practise repair procedures with the other Russian crew members, Alexander Lantieri. But what NASA—and Mir's own weary and accident-harried crew—really wanted was for the potentially dangerous operation to be left for the fresh crew, scheduled to arrive in August. "These men have worked hard for a long time in a very stressful environment," said Canadian astronaut Chris Hadfield, who spent three days aboard Mir during a 1995 space shuttle

A new crisis besets Russia's error-plagued Mir space station

mission. "They've performed heroically."

Mir's recent string of near-disasters began in February, when the crew had to don gas masks and take 14 minutes to extinguish a fire that broke out during an air-filter change. More accidents followed, including the failure of an oxygen-supply generator in March. Then, on June 23, the Progress supply ship missed its target during docking and punched a hole in Spektr, forcing Mir's crew to disconnect cables linking some of the module's solar panels to the rest of the

station before sealing off the damaged unit. Last week, when someone accidentally unplugged the computer that keeps Mir stable with its solar panels pointed towards the sun, the lights went out and the spacecraft began tumbling. Using rocket thrusters aboard Mir's Soyuz escape vehicle, the crew managed to stabilize the spaceship, and Lantieri tried through the night to reconnect Mir's life-support systems. "All microclimate systems are working completely normally," declared Russian mission director Vladimir Soloviov as the latest crisis ended. "Conditions are completely comfortable."

With the repairs to Spektr still to be done, NASA officials tentatively agreed to let Poole step in to replace Tolstoyev. But they were clearly concerned about the hazards he still Lantieri would face. Working bulky space suits, the men planned to depressurize the module linking Mir's core intensely to Spektr and make an "advanced space walk" within the vacuum-like conditions inside the connecting module and Spektr. Lantieri would then try to reconnect about 10 cables carrying power from Spektr's solar panels, while Poole made sure that the Russians avoided sharp objects that could penetrate his space suit. "All space walks carry risks," said Hadfield, who works with NASA in Houston. "And in this instance, there is the added risk that a spacecraft could get snagged on something."

The repairs will now likely be left to a fresh crew. But the Russians have pressing reasons for wanting Mir fully operational again. Serving as a training ground for the 15-station International Space Station (construction is scheduled to get under way next year), the aging platform is bringing in more than \$600 million in U.S. funding—foreign cash that has become the principal support for the post-Soviet space program. But last week, U.S. officials reserved their decision on sending an astronaut to Mir in September, awaiting evidence that the Russians can get the venerable outpost back to top shape.

MARK NICHOLS

Travel Smart:

Be Prepared



It's a fact — Canadians love to travel. Each year we make more than 90 million trips abroad for both business and pleasure.

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To order *Bon Voyage, But...* and other booklets, call 1-800-267-8376 (in Canada) or 944-4000 if you are calling from Ottawa.

Visit the DFAIT World Wide Web site at <http://www.dfaib-masici.gc.ca>

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Canada

Travelling here could be hazardous to your health.

Whether you're travelling for business or pleasure, you can get hepatitis A anywhere on earth. It's the most common traveller's disease that can be prevented by a vaccine.

And the answer isn't staying home or booking only dusty resorts.

Because it lives in water, hepatitis A is dreadfully easy to catch. If you drink or eat something contaminated, like raw or undercooked seafood, there's a good chance you'll

get hepatitis A.

Up to 20% of visitors end up in hospital with jaundice, persistent vomiting, diarrhea, fever and abdominal pain. Most miss an average of four weeks of work.

Also frightening: The symptoms usually don't appear for a month. Time enough to infect family and co-workers.

Because hepatitis A is a serious liver disease, the Canadian Liver Foundation supports the World

Health Organization's endorsement of vaccination prior to travel outside Canada, the U.S., western Europe, Australia, New Zealand and Japan. Ask your doctor or travel clinic how just one vaccine can protect you against hepatitis A.

For more information, please call the Canadian Liver Foundation at 1-800-563-5483.

It's hazardous around here.



Tips for healthy travel

Whatever the reason for travelling, your state of health is critical to the enjoyment and productivity of your trip. You can take simple, practical measures to avoid illness and ensure a healthy stay abroad. This article contains a few important and common sense precautions concerning the climate, food, water and insects to help you enjoy your travels in good health.

Before you leave

If you are planning to travel to any developing country outside of Western Europe, the United States, Australia, New Zealand or Japan, you should see your doctor or a travel clinic for health advice (includes travel to Mexico and the Caribbean). The doctor will advise you about appropriate vaccinations, medications for prevention or self-treatment of illness during travel, effects of travel on pre-existing medical conditions and ways to reduce the risk of becoming ill while abroad. To ensure that recommended vaccinations have time to become effective, make sure that you go four to six weeks before you leave.

Vaccinations

The vaccines that your doctor may recommend depend on three factors: your destination, the risk of disease, and how long you will be staying. You may need vaccinations for the following: **Hepatitis A** is a viral infection of the liver, found worldwide, which is transmitted in food and drink or by ingesting contaminated water during swimming. **Hepatitis B** is a bacterial infection of the bowel and blood, found worldwide, which is transmitted similarly to hepatitis A.

Yellow fever is a viral infection of the liver and is also transmitted by the bite of a mosquito. **Meningococcal meningitis** is a bacterial infection of the coverings of the brain which is transmitted by coughing, but is found in certain areas world-wide, especially in sub-Saharan Africa.

Health insurance

You may want to consider purchasing additional health insurance while you are travelling. Provincial plans may not cover all expenses. Remember to take

proof of insurance with you, and a number to call in case of emergency.

While you are away

Can you drink the water?

Unless you have been assured by your travel health adviser that the water is safe to drink, there are precautions you should take. Only drink beverages (including water) that have been boiled, passed through a purifier, or treated with either iodine or chlorine. Brush your teeth using water that is purified or boiled. And drink only commercially bottled beverages that have the seal intact.

Should you avoid foreign foods?

You can indulge in foreign cuisine when you are travelling, as long as you take a few precautions. Eat food that is piping hot and well-cooked. Eat uncooked vegetables and fruits only if washed in purified water. Those that you peel yourself are safe to eat. Also, be careful of leftovers or foods that have been handled and allowed to cool, such as buffet items containing chicken, eggs and cream sauce.

What is "Traveler's Diarrhea"?

Diarrhea is the most frequent illness among travellers. It is usually self-limiting (2 to 3 days) but it is annoying, and can be associated with other symptoms such as vomiting and fever. Diarrhea is usually caused by bacteria that contaminate food and water. You can avoid diarrhea by adhering to food and water precautions. Pre- and post-treatment with antibiotics may be taken to prevent this illness.

Avoiding insect bites

The risk of insect bites is increasing, and insects are more active at dusk. However, insects in some tropical locations can transmit diseases — your best protection is to avoid being bitten. Apply insect repellent to uncovered skin, and wear long-sleeved shirts and long pants after dusk. You can spray an insecticide on your clothes, and aerosol around the room when you go to bed. If you are not staying in an air-conditioned hotel, sleep in a screened area, or use a mosquito net, and burn pyrethroid mosquito coils at night.

and burn pyrethroid mosquito coils at night.



Malaria & how to avoid it

Malaria is found in virtually all tropical countries. The disease is caused by the *Anopheles* mosquito, which bites between dusk and dawn. Malaria symptoms are flu-like, including chills, fever, muscle aches and headache. Although no vaccine is currently available, you can avoid the disease by protecting yourself against mosquito bites and taking anti-malarial drugs. The drugs are taken one or two weeks before travelling in a malarious area, and continued while travelling and for four weeks after leaving the area.

Other Things to avoid

Certain activities could put you at higher risk for contracting an illness when abroad, and should be avoided. For example, swimming, jet-skiing, fishing, skin diving, snorkelling (snorkelling or scuba-diving), or unprotected sex, accepting blood products for transfusion, and swimming in fresh water.

Upon your return, if you have any health problems (such as fever or persistent diarrhoea), you should see your doctor. And, if you develop flu-like symptoms within one year of returning home, see your doctor and request a blood test to rule out malaria.

Whether travelling for business or pleasure, be sure to include your health as part of your pre-travel planning. Staying healthy while travelling will help ensure a successful trip.

Excerpted from "Prevent to Healthy Travel" by Dr. Nish and Dr. J. Kesteven. For a free copy, please call 1-800-563-5483.

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Avoid a travel nightmare: tips for the smart traveller

The scenario is becoming all too common: you're on vacation and suddenly your wallet, purse, or backpack is gone. Either it was stolen or left somewhere never to be seen again. Gone are your personal identification and travel funds. If your passport and plane tickets were included, the situation is all the worse.

What can you do to avoid theft or at least to minimize your loss? A money belt or body purse is recommended whenever possible, but most importantly, carry the bulk of your travel funds in the form of travellers' cheques. Travellers' cheques are not a new idea but, a tried and true one. And, now travellers' cheques not only offer the distinct advantage of providing you with a refund if they are lost or stolen, some travellers' cheques also help protect the rest of your vacation. For example, American Express® Travellers' Cheques offer a Refunds Plus service which provides you with five additional emergency services including assistance with lost cancellations, travel reservations, messages, passport and embassies as well as medical referrals. So when the worst happens, you are prepared.

A good traveller's tip is to carry on your person only the items and funds that you will need for that day. Leave your airline tickets, passport and the bulk of your funds securely locked away in the hotel safe. Do carry personal identification and a portfolio of payment options with you, including a credit or charge card, travellers' cheques, a bank card and cash. Using a variety of pay-

ment options will allow you maximum flexibility and security when travelling.

Credit Cards: They can be used for big ticket items like airfare, hotel and rental cars, or unplanned expenditures.

Travellers' Cheques: The bulk of your funds should be in the form of a reliable brand of travellers' cheques, like American Express®. Travellers' cheques are still one of the most secure forms of travel funds because they can be replaced if lost or stolen, usually

"...unlike cash which once gone, is gone for good."

within 24 hours, unlike cash which once gone, is gone for good. Travellers' cheques can normally be purchased without fees with certain bank accounts and should be used like cash for payment of goods and services.

Furthermore, travellers' cheques typically enjoy a better exchange rate than cash. Travellers' cheques are also available in many currencies, including the Canadian Dollar, U.S. Dollar, Australian Dollar, Pound Sterling, French Franc, Swiss Franc, German Mark, Dutch Guilder, Saudi Riyal and Japanese Yen. If travelling with a companion or family, Cheques for Two™ from American Express® allows two

people the convenience and flexibility of sharing the same set of travellers' cheques. One person can buy them and either can use them at any time.

Bank Cards: For extra cash carry a credit card or bank card available through global networks, but beware of interest rates, or bank fees that may cost as much as several dollars per transaction. It's easy to lose track of spending and go off budget if you are constantly withdrawing money from an automatic teller, so keep a record of withdrawals. And remember, once funds are withdrawn, you've got "unspendable" money. Never rely solely on bank cards, if they're lost or stolen, it's unlikely that you will get a replacement card until after your trip.

Cash: Carry cash in small denominations for small purchases such as tips and taxi fares. The general rule is to carry as little cash as you feel comfortable with.

Being prepared for any situation will help ensure your holiday is everything you expect it to be.

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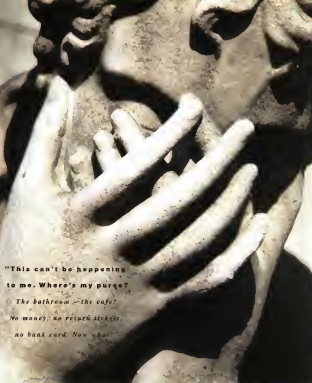
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World NOTES

IRA CEASEFIRE

The Irish Republican Army, seeking a role in founding peace talks, said it would call a ceasefire in Northern Ireland beginning on July 19. Gerry Adams, head of the IRA's political wing, Sinn Féin, said he believed Britain and Ireland are committed to "inclusive and meaningful negotiations."

SPANISH OUTRAGE

Millions of Spaniards marched to protest the killing of a local politician. The Basque separatist group ETA kidnapped and shot town councillor Miguel Angel Blanco, 38, to launch its demand that 500 imprisoned members be transferred to jails in Spain's autonomous Basque region. Three jailed rebels joined the outcry, saying ETA had "managed to accomplish more than 30 years of terrorism."

HELMS-BURTON WAIVER

U.S. President Bill Clinton issued a third six-month suspension of a key section of the anti-Cuba Helms-Burton Act. Clinton waived clauses that allow U.S. citizens to sue foreign firms benefiting from property confiscated by Cuba's Communist government. The law's co-author, Senator Jesse Helms, accused Clinton of illegally refusing to enforce another clause, which would deny U.S. visas to executives of such companies. So far, the law has only been used against two firms, including Canada's Sherritt International.

PUSHING CAMBODIA

Cambodia faced heavy pressure to end its civil strife in the wake of a coup by ex-Prime Minister Hun Sen. The Association of Southeast Asian Nations put off Cambodia's admission to the economic alliance this month. Washington refused to recognize Hun Sen's candidate to replace his ousted co-prime minister, Prince Norodom Ranariddh. Diplomats said at least 40 of Ranariddh's followers had been executed since Hun Sen's forces took control.

BREAST-FEEDING LEGAL

California Gov. Pete Wilson signed a law making it clear that breast-feeding in public is legal in the state. Proponents said that nursing mothers were often harassed by people who wrongly believed the practice was illegal. Wilson said the law would remove "barriers of embarrassment, harassment and charges of indecent exposure."



BRIDGE TERROR:

Rescuers aid athletes caught in the deadly collapse of a bridge over Tel Aviv's Yarkon River during opening ceremonies for the Maccabiah Games, often called the Jewish Olympics. Two Australian 10-pin bowlers, aged 37 and 50, died and 64 other competitors, all but one Australian, were injured. The 370-strong Australian contingent had just begun the alphabetical team march to the stadium when the temporary bridge buckled. Premier Benjamin Netanyahu set up a commission to investigate. Media reports said an Australian contractor had built the structure. The games, which were delayed for a day, drew 5,600 Jewish athletes from around the world, including 300 Canadians.

Closing in on war criminals

The drive to prosecute international war criminals picked up both pace and controversy last week. Nationalists in Bosnia's so-called Serb Republic set off five major explosions in response to a NATO move to arrest war crimes suspects. Bellich troops had killed one indicted Serb and arrested another in the northwestern town of Prijedor the previous week. Soon afterward, the UN international war crimes tribunal at The Hague sentenced Dusan Tadic, another Serb, to 20 years in prison. The tribunal appeared to be a warning to NATO troops not to arrest former Bosnian Serb president Radovan Karadzic, who indicted as a war criminal. But NATO Supreme Com-

mander Gen. Wesley Clark said he would not back down. "We must be having an impact on Karadzic and the rest of the war criminals," said Clark, "or there would not be a response." In Nairobi, the African arm of the UN tribunal, covering Rwandan genocide, indicted seven major suspects. They included former Rwandan premier Jean Kambanda and senior military commander Gen. Théoneste Bagosora, who until recently was deputy commander of exiled Hutu military forces in the former Zaire, now Congo. The tribunal, which holds proceedings in Tanzania, was set up in 1994 to bring to justice leaders of the genocide of an estimated 800,000 Tutsis.

Grander visions of Europe and the UN

Expansion is the new buzzword in the halls of international organizations. Hard on the heels of NATO's acceptance of three former Soviet Bloc countries—the Czech Republic, Estonia, Hungary, Poland and Slovenia—as well as Cyprus. Meanwhile, UN officials suggested that the UN Security Council add three new permanent seats for developing countries, possibly on a rotating basis, along with two for Japan and Germany. The U.S. push for UN political restructuring coincided with a long-awaited pact unveiled by Secretary General Kofi Annan to streamline his bureaucracy.

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Summer heralds a boom in the tourism trade



Japanese tourists in Vancouver, every year.

Business

Passport to profit

BY JOHN SCHIFFIELD

It may not be one of Canada's recent wonders, but the folk who tell it in the lobby of the Sheraton Hotel in downtown Toronto to excited prospective tourists last week from a weary group of middle-aged Japanese tourists. Nearly a young Spanish couple browsed leisurely through a gift shop, while two dozen British tourists lined up by the main door to board a tour bus. Sonjay Gupta, an Indian expatriate who now lives in Memphis, Tenn., relaxed in a hotel armchair, reliving the cosmopolitan spectacle and savoring his first glimpse of Canada. "I'm pretty excited," said the 38-year-old marketing manager. "Anytime I've met who's been to Canada goes on and on about it."

The word seems to be getting around. Programs to bring visible summer, foreign tourists are pumping billions of dollars into the country's tourism industry. Thanks to favorable exchange rates, a major marketing push and the buoyant U.S. economy, the number of

Americans to Canada rose 2.1 per cent in the first five months of the year over the same period a year earlier. But the hottest trend by far is the increase in overseas visitors. Since 1994, Canada has moved from 12th place to 30th among the world's most popular tourist destinations, placing it just behind Poland. Almost half the record \$22.1 billion that tourists spent in Canada last year came from countries other than the United States. "It's looking like a really good year right across the board," says Debra Ward, president of the Ontario-based Tourism Industry Association of Canada.

Atlantic Canada, often the last to see boom times, is enjoying a banner season. Celebrations all year marking the 500th anniversary of John Cabot's discovery of Newfoundland are expected to attract an extra 60,000 visitors to the province, bringing the total to \$60,000. The Midwestern, a carefully crafted reproduction of Coker's ship, is drawing large crowds at each of its 17 stops around the province. Festivals are bursting out everywhere. As well as the customary bike-pique fairs and outdoor shagades, there are "couch-beach"

events this summer in 40 communities across the province. In September, the Summit of the Sea—15 separate conferences related to the ocean—will give a major boost to St. John's cooperative trade. "There are just so many events overlapping that, no matter where you go, you can find something to do," says Cathy Duke, resource director of Hospitality Newfoundland and Labrador, an industry association. "It's just a tremendous year for us."

Prince Edward Island, a tiny, 234-km link in the eastward link, also scored Eastern Canada's tourist trade. "There's no steady line of traffic across that bridge," says Don Cadman, executive director of the province's Tourism Industry Association. All told, the island is attracting an estimated 25-per-cent more visitors, most of them day-trippers from New Brunswick and Nova Scotia. And the bridge itself has become one of the area's biggest tourist attractions. "A lot of people never thought it would happen in their lifetime, so they want to see it," says Ken McWhorter, manager of New Glasgow Lobster Suppers, one of the province's largest lobster restaurants.

In the West, Asian tourists comprise the fastest-growing group of visitors. An increase in Japan's goods and services last year is blamed for a drop in package tours from that country, but Taiwan and South Korea are picking up the slack. Individual travel from Japan is also up, says Mark Ashford, general manager of Vancouver's Hapag-Lloyd Hotel and chairman of the Greater Vancouver Visitors and Convention Bureau. The city expects a record 551,000 foreign tourists this year, up from 7.6 million in 1996. "When it gets really hot, just instantly busy," says Ich Dierckx, assistant manager of Earle's On Top, a popular downtown eatery.

Further east, this month's Holiday Calgary Stampede

breaks all attendance records, leading 1.7 million visitors through the fairgrounds. For many organizers, however, the mountains are the biggest attraction. "We drove through the mountains and back again and I loved every moment," said 26-year-old Scottish tourist Jennifer Pridel, gazing upwards the Rockies from the top of the Calgary Tower. "It was even more beautiful than I imagined." Sharing the view were M. S. Narayan, 66, and his wife Uma, 58, from Bangalore in southern India. "In India, you often hear that Canada is such a beautiful place," said Uma. "We love every corner of it."

Farthest tourism, the country's major effort sure to match a drive in the great outdoors. "It really is unbelievable how clean the cities are," says Teresa David Byrbois, a computer engineer who was spending a week with her family in Vancouver. "And you don't feel like you're going to come up behind you and miss you, like you do in the States in Dallas."

Fully a half of all overseas trips to Canada last year included a stop in Toronto. About 23 million visitors are expected this year, making the city Canada's most popular destination. Local boosters seeking every ounce of promotional potential from airports in last November's *Forbes* magazine that rated Toronto as the No. 1 city in the world in which to live and work.

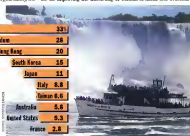
Levin's trip is McWhorter's continuing appeal to travelers. On some summer days in the heart of Old Montreal, Peter Jackson Carter in blue-washed shorts, vendors and, on one recent afternoon, the wailing sound of a beaker's siren. "I love the colors and the little art galleries," says Peter Dienerio, 63, a carpenter from Staten Island, N.Y. Two hours west, in Ottawa, 49-year-old Bob Pizzelli from Edmonton was exploring Parliament Hill with his wife, Macy,

and their two children. "We came because it's important for us and our children to see the national capital."

While international travel remains account for most of the growth in tourism, Canadians still account for the bulk of the industry's business. The country's tourism deficit—the shortfall between the amount spent by Canadians outside the country and the amount spent here by foreigners—dropped \$4 billion last year from about \$9 billion in 1996. Firms, governments and private groups in the domestic travel industry have encouraged more travel within Canada, especially in the West, that nothing has kept Canadian dollars at home more than their meagre value compared with the American greenback. "Frankly, I'm happy to keep the dollar where it is—forever," says Hotel Association of Canada president Tony Pollard, whose industry derives 20 per cent of its revenues from international travelers.

Canadian's appetite for travel appears certain to expand in the coming years. A recent report by the Conference Board of Canada predicted that leisure spending will more than double by 2010, hitting \$25 billion. One reason for the projected increase: the national wealth fund baby boomers can expect over the next two decades from inherited wealth. Growing prosperity in Asia and Latin America should also fuel a steady increase in overseas travel, restoring tourism's status as the world's fastest-growing industry.

Determined to attract its share of that business, the federal government joined forces with the country's travel industry in 1994 to create the Canadian Tourism Commission, an organization responsible for improving the marketing of Canada at home and overseas.



Signposts on Niagara Falls' Neve at the Mich. cheap dollar is a powerful lure

Since then, Ottawa's budget for promoting Canadian travel has soared from about \$30 million to \$60 million this year. The industry lures in another \$70 million. The CTC has developed separate marketing strategies for the United States, Europe, Asia, business travelers and the rapidly growing ecotourism market. Last week, Industry Minister Jean Manley announced a \$200-million loan fund for companies planning to open or expand hotels and tourist attractions outside of major urban centers. CTC chairman Judé Bachmann named British Columbia's Okanagan Valley, Ontario's Niagara wine region and Nova Scotia's Cape Breton Island as areas that could become major destinations with resorts, hiking trails and other new facilities. By increasingly sophisticated international travelers, like wine lovers, are no longer a rarity.

WITH SYLVIA WOOD in Vancouver, DALE ESSLER in Calgary, JOHN DEMCHUK in Ottawa, MELISSA BARNES/REUTERS in Montreal and DAMIANA MCKENNA in Charleston

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Ross Laver



Personal Business

Tales from the boiler room

At 10 a.m. last Thursday, several dozen young men in starched white shirts were working the phones at Marchmont & Mackay Ltd., a downtown Toronto securities dealer. At every other investment firm in the city, the talk was about the blaring hot stock market, which had just recorded its fifth consecutive record close. But at Marchmont & Mackay, the sales reps had little cause to celebrate. For almost a year, the firm has been at war with the Ontario Securities Commission, which accuses it of using high-pressure tactics to sell speculative over-the-counter shares to unsuspecting clients. "This whole thing is ridiculous," says Arant Suler, a director of the firm and one of six Marchmont officials named in the OSC notice. Usurping a visitor into the company boardroom, Suler was unthinkingly polite but unyielding in his refusal to be interviewed. "I wish I could talk, but our legal counsel has advised us not to fight this case in the media."

It has not been a good week for Marchmont. Two days earlier, the OSC issued a statement signed by one of the senior men targeted in the investigation, Norman Frydrych, who quit the firm in March after 10 years as a salesman. In May, Frydrych went to work for another dealer, Buckingham Securities Corp., but the commission blocked his bid for registration. Seeking to absolve himself, the 40-year-old father of three switched sides and agreed to give evidence for the commission at an upcoming hearing. His former colleagues, in turn, are not united.

Frydrych's 11-page statement paints a damning picture of the penny-stock business—one that should be required reading for every inexperienced investor. Near the end, he summarizes his position in a single sentence: "I have decided that I am no longer interested in selling securities to clients in circumstances where they have no chance of making money."

As described by Frydrych, Marchmont was a classic boiler-room operation, Glas-

group of about 25 employees, known as quilters, spent the day cold-calling people listed in telephone books, asking if they wished to receive investment information. The names of those who accepted were passed to salespeople, whose job was to convince those individuals to open an account by buying 500 to 2,000 shares. In most cases, Marchmont acted as principal on the sale, meaning the dealer itself owned the shares.

During the first two months of a selling campaign, Frydrych says, the price of the stock always rose. "I'm salespeople, we were advised by management as to the price of the shares that we promoted." At that point, a senior staff member caved in to sell the client more stock, taking advantage of the customer's satisfaction with the performance of his shares at that point. Although Frydrych says he advised clients that the trades were speculative and that the firm was acting as principal, few clients ever questioned the practice.

According to Frydrych, almost every stock he sold fell to 20 cents or less within a year of the initial sale. In rare cases where an independent market developed for the shares, salespeople were instructed to "lift" the stock by convincing the client to sell and use the money to buy other Marchmont shares. "The practice of 'lifting' maximized the chance of clients losing money dealing with Marchmont."

As part of his settlement with the OSC, Frydrych was banned from working in the industry for 90 days. It will take a lot longer than that, however, before the commission concludes its case against Marchmont & Mackay. The firm's high-profile lawyer, Eddie Greenspan, is waging a vigorous court battle against the OSC's right to hold a hearing. "We're confident that if and when a hearing is held," he says, "Marchmont and the individuals named by the commission will be vindicated." As for Frydrych, Greenspan adds, "we'll deal with him when he's under oath." He sounds like he's looking forward to it.

A veteran salesman blows the whistle on the high-pressure penny-stock business

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Business NOTES

HIRSCH RETURNS

Star mutual-fund manager Veronica Hirsch is back in business after a controversy over her personal losses. Hirsch left Fidelity Investments last February after coming under investigation by securities regulators in Ontario and British Columbia. She plans to launch her own Canadian growth fund by September, in partnership with merchant banker Kolodziej Partners Corp.

SATANIC DISPUTE

Consumer products giant Procter & Gamble Co. filed a lawsuit accusing Amway Corp. of smearing its reputation. The Cincinnati, Ohio-based company alleged that Amway and its millions of distributors have funded rumors that P & G's *Olus* and *Star* toothpaste is a satanic symbol. Amway denied the charge, calling the suit "a predatory attempt to stifle a growing competitor."

UGG DEAL APPROVED

Farmers and investors who hold shares in United Grain Growers approved a \$115-million alliance with U.S. food giant Archer Daniels Midland Co. The deal gives Illinois-based Archer Daniels 45 per cent of the grain handler. In return, UGG will receive about \$50 million in cash to upgrade its storage system.

KMAAT REVIEWING STORES

Money-lending Kmart Canada is considering closing as many as 30 of its 123 stores by the end of the year. "Either you fix them or you leave to close them," said president George Heller, who took over the top job last month after U.S. and Canadian investors bought control of the chain. Heller predicted the company would make money in 1998 after several years of losses.

SATELLITE MERGER

Two of Canada's direct-to-home satellite companies have applied to the CRTC for permission to merge. Star Cable Television Network Inc. of Toronto wants to team up with Horizons Services Inc., a subsidiary of Calgary-based Shaw Communications Inc. The deal would effectively give Shaw control of Star Cable, which introduced its service in April. Horizons was licensed last year, but has yet to commence operations.

No sale, says Canada Trust

Finance Ltd. denied a report that it is secretly negotiating to sell Canada Trust to CIBC, the country's second-largest bank. Seeking unnamed sources, *The National Post* said the deal would be worth at least \$4.8 billion and would reduce CIBC's bid for the Royal Bank of Canada as the nation's largest financial institution. Trading in shares of CT Financial Services, Canada Trust's parent company, was suspended briefly, but resumed after finance CEO Brian Levitt issued the denial. Levitt said 98 per cent of CT Financial Services, as well as Imperial Tobacco, Shoppers Drug Mart, Hursey's and Swiss Choke. Despite Levitt's statement, the shares closed at \$45.43. "People are saying, 'Where there's smoke, there might be a little fire,'" said Bay Street veteran Fred Kitchner.

Talk about takeovers is rare in the financial services industry. The Royal Bank recently agreed to pay \$2.4 billion for London Life In-



CIBC headquarters: takeover talk is rare

surety, and the Bank of Nova Scotia offered \$2.5 billion for National Trustco. That deal would leave Canada Trust as the last major independent trust company. Earlier this month, a task force examining the future of financial services called on Ottawa to enact its traditional resistance towards takeovers involving large financial institutions. Last week, the Bank of Montreal also urged Ottawa to slow mergers.

Bell layoffs continue

Canada's largest phone company plans to cut another 2,000 workers, on top of 10,000 jobs already announced. Bell Canada president John McLellan told employees that the telecommunications giant has lost 33 per cent of the long-distance market since that sector was thrown open to competition five years ago, and stands to lose more business after local competition begins on Jan. 1. McLellan's

message is at odds with Bell's current media million-dollar advertising campaign, which claims that thousands of long distance customers are returning to Bell every week—but fails to note that many others are leaving. Two-thirds of the core loyalty will select managed steel, with administrative workers accounting for the rest. Termination notices will be issued starting in August. The cuts will leave Bell with 38,000 employees at the end of the year, down almost 25 per cent since 1995.

FINANCIAL OUTLOOK

Canada's inflation rate rose to 1.8 per cent in June from 1.5 per cent in May, but a close look at the numbers suggests price pressures are easing for now. The seasonally adjusted increase from May to June was 0.1 per cent, with prices of autos, clothing and meat leading the way.

In the United States, core inflation—excluding the volatile food and energy sectors—rose to 2.4 per cent in June, the lowest level since 1956. And prices at the wholesale level fell for a record sixth month—a previously unthinkable achievement

at a time of strong economic growth and low unemployment. As long as inflation remains in check, central banks in both countries will resist significant interest rate increases.

"Weighted international competition, technological advances and productivity gains are likely to keep costs, not rising prices," says Scotiabank.

"Stronger U.S. growth should stimulate Canadian exports. And ongoing consumer confidence and solid employment gains should drive strong retail sales in the summer."

—TD Bank

CONSUMER CONFIDENCE INDEX (1994=100)





Peter C. Newman

Why Canada needs Terry Matthews as PM

Last week's announcement that Newbridge Networks Corp. of Kanata, Ont., is planning to nearly double its 2,800-employee workforce over the next four years was strange. Matthews.

Terry Matthews, the Welsh wizard who controls and runs Newbridge, was nowhere to be seen, offering his executives to deliver the good news. It is not that he has a vague dislike of media attention, it is that he feels obliged to public intention of any kind, does not need it, and stays away from journalists as if they were killer bees. "If you're not careful," Matthews told me earlier this year, "you end up like a Michael Jackson and can't even walk to a restaurant without being begged to dance. That's why I take it and typically don't talk to anybody."

That's a pity, because Terry Matthews is the most remarkable member of Canada's burgeoning high-tech industry. Newbridge, founded in 1986 out of the wreckage of Melt Corp., which Matthews had founded a decade earlier (with Michael Cowpland, who now heads Corel Corp.), has set records in every category it enters. Sales usually of its ATM, digital switches, chips that are used to transmit images, data and voice. Messages across kilometers at fibre-optic lines, 14.51 bit per byte in 1994 and, with profits growing at 30 per cent a year, revenues are due to reach \$1 billion by the end of the year. The company's stock—which reached a new high of \$71 last week—is distributed through generous participation plans to senior employees and has already created at least 60 Newbridge millionaires. "You must share," says Matthews, "because there's no other way, you share the riches that come along, you share the vision. Our direction, by the way, they don't get paid for attending meetings. They get share options for being helpful to me. That naturally puts their brains in the right direction, because if the company doesn't do well and grow, they get nothing."

Last time half of Newbridge's payroll, a spend at its head office, in Kanata, just 30 km west of Parliament Hill, although he could clearly operate out of any pleasant corner of the industrial world, Matthews is demonstrating his confidence in the Ottawa region by tripling the size of the company's existing office and research facilities to 300,000 square metres. Newbridge operations have also spread to the United States, Latin America, Africa, Asia and the Middle East. About 16 months ago, the company formed a marketing and technological partnership with the German industrial giant Siemens AG, which recorded sales of \$79 billion last year and patented 5,000 new inventions.

Matthews has also created great major allied high-tech companies that operate closely, turning out allied products and technologies. Matthews is a director of each of these offspring, holding 30 per cent of their shares through Newbridge. They are growing

as fast as their parent, throwing all large numbers of profit and creating even more jobs as they expand. The affiliates, incidentally, build their plants on land owned by Kanata Research Park Corp., a real estate company owned by, you guessed it, Terry Matthews. "We now have about 30,000 customers at Newbridge, so that when one of them is contacted by one of our associated companies, the associate gains instant credibility. If the 'Nudge' thought corporation were to approach France Telecom, for example, they'd probably be told, 'We'll call you, we'll call you.'"

A supposedly self-confident closet introvert, Matthews possesses the Welsh gift of speaking in a magnificent baritone voice, and has the expensive hand gestures to go with it. Despite his non-existent public persona, he easily takes the stage at internal occasions, hypnotizing clients, employees and investors alike with his Dylan Thomas ways. Like the late Welsh poet-performer, he climbs tables at Christmas parties to sing or lecture, but on a few leisure activities except golf (on a championship course he is building near his Welsh birthplace), and travelling abroad.

A committed family man, he exercises frigid ways, despite his riches, estimated by the *Times* of London at \$2 billion. His wife, Janet, runs the company's lunch cafeteria line after Newbridge's sales had exceeded \$1 billion and could be spotted around Kanata, feeding heads of lettuce to make sure they were fresh for her sandwiches. The Matthews' main residence is inside a 20-acre, privately guarded compound in Kanata.

The Newbridge chairman is stern and by-the-book, with a scold behind his desk. "I look for people who can relate to me well," he says. "I don't look for people who are the least bit fussy. They must have a hard work ethic, and if they don't, they should not around here very quickly." At the same time as Newbridge was announcing its dramatic plans, Northern Telecom let it be known that it intends to grow even faster in the Ottawa region, adding at least 1,200 new workers annually to its huge, Nipigon research facilities over the next five years. Between them, the two companies will be expanding their payrolls by nearly 10,000.

Added to the 42,000 already employed by the high-tech companies in the Ottawa area, that will go a long way to fulfilling a recent prophecy by Peter Clark, chairman of the regional municipal government, that there soon would be more local employment in high-tech than in government.

It's one of the great assets of Canadian politics that, while MPs in the House of Commons sit in one another about crumbing "JOBS JOBS JOBS," only a few kilometres away the lands of high-tech industry are doing precisely that—and getting credit for it.

We obviously need Terry Matthews as prime minister he would get the job done, and we would never have to listen to him speak.

While MPs cry for more jobs, high-tech companies are quietly creating them, right under the politicians' noses

Technology

Wired for thrills

Some sports simulations are startlingly realistic

He had never even been to Australia, let alone driven the track at Surfers Paradise, home of last April's CART Indy 500 race. But Canadian driver Patrick Carpentier had seen it all before—on Prior to race day, Carpentier's squad, Team Akuma, arranged for him to spend a few hours on a virtual recreation of the 4.2-km circuit, using a CD-ROM racing game on a computer outfitted with a plastic steering wheel and pedals. In the simulation, the Jaguar, Car, could beat his competitors (including team owner Tony Bettenhausen) by as much as 10 seconds a lap. In the real world, Carpentier, 25, did not fare as well. Wounded by flat pump and tire problems, he finished 19th. But playing the computer game, he claims, will help him get to know the ins-and-outs of the Australian course. "The turns were realistic, and the length of the straights was the same," says Carpentier. "So it was greatly helping me know where I was going."

Back in the late 1970s, when *Star Wars* and *Space Invaders* stole the hearts, minds and lives of young North Americans, youth, a debate raged over whether video games were just mindless wastes of time (the parent's argument) or valuable training tools (the kid's retort). That a lot has changed since then. Today's games—available on computer CD-ROMs, over the Internet and on such gaming platforms as Sony's PlayStation and Nintendo 64—are more sophisticated, realistic and challenging. Increasingly, grown-ups are embracing childhood versions of racing, hockey and basketball, to name just a few of the many computer sports simulations on the market. And many players, from first-time visitors to pro athletes—find that virtual sports have real-world benefits. Canadian Formula One driver and video game jockey Jacques Villeneuve, for one, credited a racing game with helping him win last year's Belgian Grand Prix.

Among the enthusiasts is Doug Wood, 25, a professional at Bull Springs club. Over the past five years, he has lost count of the number of first-time visitors who say they have been there before—in the virtual world. Bull Springs, set amid stunning Rocky Mountain views, is not just an international venue—and still the only

Canadian course—affiliated by Links, a popular computer golf game produced by Access Software Inc. of Salt Lake City. Players who have experienced Bull Springs on the computer have an edge in the "awareness factor," Wood says. "They've seen the golf course, and that generally helps their game—it's not like they're going out cold." Still, he cautions that playing golf on a computer is one thing. Striking a real ball another.



"The reality is," he says, "but a lot of people can play better on the computer than they can in real life."

Most sports simulations offer little more than entertainment value. But their level of realism is remarkable. At Electronic Arts Canada in Burnaby, B.C., about 400 employees spend their days reproducing real life in the company's NHL98, NBA Live 98 Basketball and FIFA Soccer 98 titles, among others. It is a staggering undertaking to process the software's artificial intelligence is based on real athletes' statistics; the simulations are derived from real-life motion, captured in thousands of digital files a state-of-the-art recording studio with color commentary and sound effects. The finished products, acknowledged public relations manager Keith Dunlop, are not twosomes anyone into a better athlete. "But it's the closest thing," he says, "most people

are ever going to get to playing in the NBA." Other companies make more lofty promises. Activision, Calif.-based Interplay, one of the world's largest publishers of game software, guarantees that its line of billiards simulations, Virtual Pool and Virtual Snooker, will improve customers' real-life games. Designed by Colton Inc., a Los Angeles company that until recently specialized in anti-terrorism and other military software, the games incorporate complex physics model and near-human computer opponents, who range from the almost-unbeatable DeadEye Dux to the absurd Mrs. Gribble. "It's a great game," says Seamus, general manager of the Academy of Spiritual Arts, a Toronto billiards club where Virtual Snooker has been making the rounds among members. "It teaches you the angles, which is probably one of the most essential elements of billiards."

Racing games are among the most popular—and realistic—sports simulations. "All the decisions you have to make in terms of setting up the car, passing people, the strategy you use through the race—all these are extremely accurate," says Michael Jordan, Los Angeles Rams coach for the U.S. monthly magazine *AutoWeek* and an amateur driver for the past two decades. Jordan plays Spectrum's *Nakayoshi's Grand Prix II*, and says that it has helped his on-course performances. But the game still lacks important elements of racing—the heat, the glories, the vibration. And he misses one other thing: the opportunity to crash. "In the real world, you can crash," Jordan says. "It's hard to beat the rules." Crashing, it seems, is one thing a simulator did better than computers.

JOE CHIDLEY

A campus divided

Disturbing new allegations rock Simon Fraser

BY VICTOR DWYER

The view out the dormitory window—snowy mountains sparkling in the midday sun—was majestic and serene. But inside the downtown meeting rooms at the Diamond University Club on the campus of Simon Fraser University in Burnaby, B.C., the mood was anything but placid. Before an audience of 150 professors, in a forum jointly sponsored by administrators and the university faculty association, Vancouver lawyer Susan Polish was meticulously mapping out the fine points of provincial and federal legislation on human rights. It is legislation that has helped push Simon Fraser to create one of the most comprehensive policies on sexual harassment of any Canadian university. "It is not sufficient to say, 'The date is this way for 30 years and don't see any reason to change now,'" said the lawyer. And, she warned, keeping on top of things in the next 30 years is almost certain to be even more difficult. "The law is very complex and changing fast," said a police-faced Polish. "It's a rocket science."

That was perhaps an overstatement. But for many of those in the audience, it is difficult also to find the map of truth. For months the university's student activities council has been getting its ears scratched by a Barrister Mastodon has been getting its own court case in the complexities of sexual harassment. At the center of the storm have been the allegations of student Rachel Marsden that her former swim coach, Lam Donnelly—whom she says she saw romantically for 16 months beginning in May 1996—raped her while the two were on a date in September, 1995. Donnelly has vigorously protested his innocence—publicly stating that Marsden had aggressively pursued him with less than credit success in which she invited him for sex in her car and with provocative photos slipped under his door.

When a formal university harassment panel heard the case last fall, Donnelly refused to take part, acting on legal advice that he says he now regrets taking. After a five-day hearing, he was found guilty of sexual harassment. Soon after, Donnelly asked president John Stubbs to grant him a private hearing. But Stubbs refused, and on



Recently, Marsden (left), sent photos and provocative e-mail

May 31, the president fired the swim coach. Days later, Marsden was awarded \$12,000 in compensation and full credit for a course she had failed to complete.

Now, it is that decision by Stubbs—who is on a three-month academic leave, and according to his office, unreachable—that has become the flash point for campus debate. In a July 14 news release that took the Simon Fraser community by surprise, acting president David Gagan caused troubling questions about the case. Among other things, Gagan revealed that Marsden had developed a personal relationship with SFU harassment policy co-ordinator Patricia O'Leary (who has since left the university)—and alleged that Stubbs knew of the relationship when he approved the panel's ruling. As well, Gagan stated that a draft of the panel's report had been shown to Marsden—by whom, it was not made clear—before a final version was released.

Hours after Gagan dropped his bombshell, David Bond, chairman of SFU's board of governors—a body with the power tooust Stubbs from office—announced his intention to convene an emergency board meeting to discuss a plan of action. In the end, legislators postponed the 15 governors from gathering before July 31, the date of their next regular meeting. But in an interview, Bond told Marsden the board had already agreed to review the entire case then. And Gagan's news release had clearly upped the ante considerably. "It will require a lot of effort to restore the university's image to the one that existed prior to this whole thing blowing up," said Bond. And that, he added, "is going to take time, and will be based on a lot of statements and a lot of action." What kind of action? "None," said Bond. "I haven't got a clue."

As if campus wags did not have enough to talk about, only days after Gagan's announcement Marsden broke her long silence. In a now online entitled *Rachel Sob's Second Story*, and at a news conference on the front lawn of her home in Greigfield, Marsden painted a colorful portrait of several of the sordid details of her alleged affair with the former swim coach. Describing herself as a "naïve virgin" when she met Donnelly, she acknowledged sending provocative photos to the former swim coach. But, she said, they were not slipped under his door but "personally selected by

Perfectly Puzzling.

EDUCATION

Donnelly from my handling portfolio." Marsden also admitted sending a second e-mail that urged the coach "to go make me... I could all on your lap or we could do it lying down." Her explanation: it was "a very desperate attempt to calm him into meeting with me so that I could obtain accountability and an apology for the abuse, harassment and rape I had suffered at his hands." And her announcement was not without caution: "I realize that sending this e-mail demonstrated poor judgment on my part," she wrote, "but unfortunately I had no faith in the criminal justice system at the time, and I had no knowledge of the university harassment policy and procedures."

In a one-two punch, Marsden followed her defense with a spirited address—urging to draw a detailed *divorce* of Donnelly's bedroom, more the sound of laborious cross-examination, and clearly away of his sexual misdeeds. And she addressed head-on the issue of her personal relationship with the former harassment officer O'Hagan. The two had gone on a weekend river-rafting trip with members of O'Hagan's faculty, wrote Marsden, but only after his lecture had concluded. And she candidly acknowledged that O'Hagan "offered emotional support to me throughout a process which was extremely painful"—a role Marsden's supporters were quick to defend. After all, noted Jacy Hanson, president of the Simon Fraser student society, O'Hagan was not a member of the harassment panel itself, and had no part in writing the decision. "At the very minimum," he says, "the entire process should have preceded that we clearly in his own defense."

Still, it was Stubb's, more than Marsden, who had been placed in the spotlight by Gagan's revelations. Even before last week's turn of events, many on campus were demanding a formal review of his decision to let Donnelly, including a group of academics who have been appointing the board of governors to intercede. The reason for their anger: Stubb's steadfast refusal to listen to Donnelly's version of events—a decision that Stubb's defended shortly after firing the swim coach. "Mr. Donnelly chose not to participate in the process," said the president in an interview. "My job is to second assess the panel, but to remove their report and consider it very carefully."

Many are now saying that is simply not good enough. "This has all been outrageous," says criminology professor Neil Boyd, who served as chairman of the harassment panel between 1990 and 1993.

"Donnelly had provocative photos and e-mails of Marsden offering him sex—charges pertinent to the issue of whether she sexually harassed him." Adds Boyd: "When you get that kind of new evidence, the answer isn't to hide behind procedure, but to convene a new hearing." Others beg to differ: "When it comes to power at the place, students are on the lowest rung," says student president Blumstein. "The president can't bucke just because a faculty member demands a re-hearing."

However controversial the president's call, many say that what is really at issue is the entire process of dealing with sexual harassment on Canadian campuses. Particularly troubling, says John Peate, a professor of cultural studies at Trent University in Peterborough, Ont., and the author of *Moral Panic*, an account of 17 harassment cases at 16 Canadian universities, is the fact that "there is no professor in the academy—no one who divides at the very start if a complaint is frivolous, misdirected, unrealistic or just plain false."

Once the process begins, accusers routinely have to prove their case only "on the balance of probabilities." According to the official report of Marsden's panel, leaked to the media last week, that is precisely what she accomplished. The three-member panel, with one representative each from students, faculty and staff, heard not a single witness who had ever seen Marsden and Donnelly together as a date. And while they concluded that Marsden's 19 charges against her swim coach—seven of unconsensual sexual intercourse and sexual harassment—appeared innocuous when considered in isolation, they concluded that her complaint was valid when "the sum total" was considered.

That had many at Simon Fraser seeing red. "Here we have a man losing his job, his reputation and his livelihood," declared Boyd. "I don't expect to be looking at something a little closer to clear and convincing evidence." What is more, says Boyd and others, those acting in judgment should be trained legal professionals. "Not only are these arbitrators," notes Mark Weiler, an SFU professor of business ethics. "They are volunteers—people who probably feel



Stubb: a controversial decision, and a determination 'not to second-guess the panel'

strongly about the issue right from the start of the hearing."

Perhaps the most contentious issue is the secrecy that sometimes surrounds such hearings. In reality, however, that criticism is often overstated. In her news release, Marsden takes pains to point out a salient fact about her own case: that almost everyone seems to have passed over her complaint had proceeded to a formal hearing, the public and the media were free to attend. As it turned out, it was not until Stubb's fired Donnelly—and the swim coach held his two news conferences—that people sat up and listened. Ironically, adds Marsden, Simon Fraser and Donnelly are currently in mediation talks, scheduled to conclude this week, to review the details of his dismissal—in private, and under a news blackout. "This amounts to a secret re-hearing behind closed doors," said a furious Marsden. "Talk about a secret! Just go to court!"

And the fire of charges and counter-charges, at least a few on campus were busy last week trying to chart a way forward. A committee, convened before the Marsden/Donnelly case erupted, and headed by philosophy professor Kathleen Akiba, has for seven months been accepting proposals for reshaping the university's sexual-harassment policy. It is scheduled to deliver a report by summer's end. Akiba foresees the most drastic changes that Akiba foresees: future panels will be chaired by outside professionals, "in 99.9 per cent of cases, a lawyer, and someone from outside the Simon Fraser community, with no previous knowledge of the case."

Even that suggestion is encountering a

happy reception. Business professor Weiler, for one, bristles at what he calls "the outsourcing of a profound moral dilemma." Adds Weiler: "The more we rely on outside, professional mediators, the less likely it is that people on campus will get involved with learning how the process works, or grapple with the whistles of sexual harassment and how it affects people."

Meanwhile, as Akiba's committee investigates long-term change, a growing chorus of voices is calling for something more—personal accountability in the case of Rachel Marsden and Liam Donnelly. "The whole affair has opened a line of confidence in the university community and in its leadership," says Boyd. "This problem did not begin until the president decided to ignore relevant evidence. It seems to me he must be held accountable." Declares Michael Pelletier, a history professor and member of Akiba's committee: "There has to be a thorough reconsecrating."

And speculation over how events will unfold, at least some at Simon Fraser were voicing another concern: that on the serene mountain campus, the trees had begun to obscure the forest. "Whoever wins or loses all these battles," student leader Hanson says, "it is pretty clear that women on this campus are going to be more reluctant than ever to come forward with claims of sexual harassment. It's pretty much, isn't it, that after all the time and energy expended, our campus may be a less safe place to learn than ever."

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With GLENDA TANGASOR in Donnelly

Breast cancer activists challenge the traditional treatments

Radical responses

BY SHARON DOYLE DRIEDGER

Mauchaicha does breast cancer with attitude. Sporting a black baseball cap worn backwards, punk-style, over her short dark hair, the lean, single-breasted artist tags at the bars of her clay black miniskirt and tells how antiestablishment and mainstreaming at age 37 transformed her life. "I lost a breast," she declares, "and the world gained an activist." A former model, Mauchaicha angrily refused to hide her scars. Instead, she exposed her naked chest in a series of provocative photographs and other works of art, revealing the hard reality of breast cancer. "It gives me a kick to make art out of tragedy," says the 43-year-old New Yorker, noting that her award-winning pieces—widely rejected at first—eventually

"transformed into 17 magazine covers" including *Men's* on July 11, 1990. Art can be therapeutic, she tells the women painting and pasting their collective outrage into a collage at a workshop at the extraordinary World Conference on Breast Cancer last week in Kingston, Ont. "You can take breast cancer and turn it around!"

The camaraderie first developed in Mauchaicha's art session resulted in numerous gatherings over the days, as more than 650 breast cancer patients and supporters from more than 50 countries—almost all of them women—shared their worries, wounds and laughter. Clutching an eagle feather, 59-year-old Eve Beech, a First Nations woman from Edmonton, told how her "difficult journey" led to a traditional medicine man because of "racist" attitudes among the doctors who diagnosed her breast cancer 18

years ago. In a tender response, a Maori health worker from New Zealand rose spontaneously and, in her native language, sang a song of tribute to Beech.

But the underlying revealed divisions, too, as the more militant participants lost patience with the attention paid to traditional approaches to cancer—what they denoted as slash, burn and poison techniques. "Many of us are frustrated with all this medical stuff," says environmental crusader Van MacDonald of Toronto. "The woman and the link to pollution should be the priority." Outspoken American activist Judy Brady bluntly told delegates: "I am sick of the overload of papers in this conference focusing on the fact that there is an epidemic of breast cancer without questioning why."

No one disputed the tragic numbers and the need to take action. A Canadian woman's

chances of getting breast cancer is her lifetime have risen from one in 20 in 1960 to about one in eight. The worldwide incidence has jumped 36 percent since 1980. Medical science can claim some progress—the mortality rate from the disease has declined, slightly over the past two decades. Still, many delegates showed a bias for alternative medicine. Breast cancer figures chosen when Francisco Contreras—a Mexican doctor who often lectures, slurs cartilage and other non-traditional therapies in his Tijuana clinic—attended the so-called cancer establishment "Billions of dollars of support and the best scientific talent hasn't paid off," declared Contreras, who claims that 39 percent of the 300 terminal patients on his program are still alive after five years. The main reason for that success, he adds, is that "we offer them hope." When a Toronto activist asked Contreras about questions and answers, asking whether his findings had been published in a reputable medical journal, he was loudly booted. Many women expressed frustration, disappointment and even anger at the often contradictory information supplied by conventional practitioners. "It is very confusing," said Rosa Mercedes, a 64-year-old Manila housewife and one of many cancer patients who traveled long distances to seek help at the conference. "Nothing is sure."

After talking with several prominent doctors, she remained undecided about the best treatment for her "very bad" cancer. Others complained that some scientists failed to communicate at a layman's level. "Most of the time they talked over my head," said Adrienne Gombac, a nurse from London, Ont.

To Jim Livingston, the message is a seminar on tamoxifen—a widely used breast cancer drug—was misleading. "I am on tamoxifen because my cancer has spread through my body," said the community college teacher from Orlino, Ont., "and they were cowardly saying, 'In carrying a risk of getting endometrial cancer, so maybe you shouldn't take it.' I said, 'Well, what's my other option?' Nobody came up with anything. One expert finally pointed out that, like chemotherapy and radiation, tamoxifen carries both risks and benefits. Still, Livingston, aged 41, was angry—it takes away our hope."

The clear message about breast cancer is that there is no clear message, declared California surgeon Dr. Susan Love. "People get disempowered, but this is a work in progress." Still, she notes that important "new pieces of the puzzle" are emerging. Researchers, for instance, are investigating a subtler form of chemotherapy that "reboots" cancer cells—an improvement over the old shogun approach that killed cancerous and healthy tissue. But when women do for prevention as well? "Exercise three



Along, along for breast cancer what was done for AIDS

pollutants—from pesticides, herbicides and other industrial sources—that are contaminating the planet. More than 70 percent of breast cancer cases cannot be explained by genetics or other established risk factors. "There are reasons of evidence linking breast cancer and more than 400 compounds, including benzene, and red dye number 3," says Washington toxicologist and activist Dr. Devra Lee Davis. "Some say the evidence is unconvincing and incomplete, and they are right. But we can't afford to wait because science will always be uncertain. We needed too long to take action on smoking." Boston biologist and poet Sandra Steingraber agrees. "People don't have to die to keep weeds out of herbicide fields," says director of Long Island University, a moving account of the damaged environment in which she contracted cancer. "This is a divide project—we did get rid of DDT and we did get the lead out of gas."

Outraged activists are ready to fight the industrial culture that produces and uses cancer-causing pollutants. "We are not well organized, we are not well funded and many of us are not well," Montreal activist Sharon Baril told the conference. "But we are not alone." Belle Abzug, a former U.S. congresswoman from New York and head of the Women's Environment and Development Organization, is joining forces with Canadian activists to create a "global action plan" for presentation to the United Nations. "Our job," Abzug told delegates, "is to do far breast cancer what helped to AIDS in the 1980s—to put breast cancer on the center stage."

On the final day, an exhausted Janet Collins rests on the steps outside the church where more than 300 delegates sat through a marathon meeting. "The spirit was amazing," says the 56-year-old former nurse from Kingston who conceived the idea for the conference three years ago and exuberantly kept the vision alive. "We've got something going here that is not going to go away." Devra Davis, a retired teacher from Waterville, Ore., left with a meditation to her name: Be kind in her home and, as far as possible, her neighborhood. The trouble is, like many people, she doesn't know what they are. "We need laws," says Angel So, it seems, do the well-informed organizers. Delegates took home a tote bag made of polycotton fabric, yet another environmental slogan. □

Front and centre stage

BY NICHOLAS JENNINGS

Sarah McLachlan was lounging in her air-conditioned trailer, exhausted but exhilarated after a day spent fielding media questions and a night spent singing, straining and strutting on stage. Mountain View, Calif., on a hour's drive south of San Francisco, was the third stop on the Lilith Fair tour, the all-women's rock festival she conceived that features top female musicians and a travelling New Age canon of herbs and boutiques (page 58). McLachlan was settling into the rhythm of a schedule that has her both performing and touring and acting as its chief spokeswoman. Kicking off her session and curling up on a couch, the 29-year-old Canadian performer reflected on the high profile that Lilith has suddenly brought her. "I love how powerful this whole thing makes me feel," she told *Rolling Stone*. "Not a selfish power," she hastened to add, "but a strength that's coming from everyone around me. It's a good kind of feeling and a good kind of power."

McLachlan—rightful heir to Janis Mitchell's title as Canada's pre-eminent female singer-songwriter—has every reason to celebrate. Already, Lilith has blossomed into the summer's hottest music festival, outpacing and outselling rock's mixed events like Lollapalooza. And it has propelled the Halifax native from a comfortable niche in alternative music to pop's centre stage, alongside such Lilith stars as Tracy Chapman, Jewel and Joan Osborne. McLachlan's initial U.S. breakthrough actually came last year when her single, *Passion*, reissued to launch her 1993 album, *Pushing Towards Shores* on the Atlantic label, hit sales almost as high as more than five million copies that same year with the combined force of Lilith Fair and a chart-topping new single, *Building a Mystery*, taken from her fourth album, *Surfing*. McLachlan's star is soaring each evening. "Sarah's ready for all of this," said *Music* magazine's Terry David Mulligan, a longtime supporter of her career. "She's really grown into it."

Indeed, McLachlan is a 19-year veteran of the music world, a down-to-earth diva whose physical transformations and musical maturity have gradually unfolded as she moves across the continent. Gone is the waifish girl whose breathy vocals and sometimes precious songs once made her appear almost too vulnerable. Gone, too, are the curly, shoulder-length tresses that dated her back through much of the 1980s. Today, the Vancouver-based McLachlan, who is married to her Calgary-based drummer, Ashwin Sood, wears her hair cropped short and sings with an emotional depth that makes her seem wise beyond her years. Meanwhile she has become a powerful role model for young women across North America. And now she's talking about having kids.

The youngest of three children born in Halifax to an American marine biologist, Jack McLachlan, and his U.S.-born wife, Denise, McLachlan grew up in a strict household where television was limited to half an hour a day. At 7, her parents enrolled her in a music conservatory for classical training, first in guitar, then piano and voice. She found the world of classical music stifling and, later, came to resent her parents' ban on jeans, makeup and boyfriends. Still, she credits her mother for turning her on to the folk sounds of Joan Baez, Simon and Garfunkel, and Cat Stevens. "I listened to those records for 10 or 12 years," recalled McLachlan. "That's where my biggest influences lie."

By the age of 17, a rebellious McLachlan was a skate-board punk singing in a new wave band called The October Game. When the group opened for the Vancouver band Moxie one night at a *Discotheque* University Inn event, McLachlan's late changed former Moxie's Mark Jowett, also an owner of the *Network* record label, remembers being blown away by what he heard and saw. "Here was this amazingly talented girl, still wearing braces on her teeth, singing a bluesy cover," said Jowett, now *Network's* vice-president of international publishing. "But she had



McLachlan is often-taken alive with songs that project a potent mix of energy and vulnerability

this warmth, and a voice that shared people right in. She really captured me."

Jowett's instincts were right on target. It would take another two years before McLachlan's parents would permit her to take up *Network's* offer of a record deal and a tour in Vancouver. "My parents were afraid I would start my life away with cocaine," she recalls with a laugh (in the interim, she attended the Nova Scotia College of Art and Design, where she specialized in jewelry and textiles). But even her parents were pleased when her 1990 debut album, *Touch*, earned ecstatic reviews and a devoted, almost rabid following. Her subsequent albums, *Solace* (1993) and *Pushing Towards Shores* (1993), were even better and increased her fan appeal. Today, a 2000-strong international fan club, whose members call themselves "Fanklers," circulates McLachlan's progress in newsletters, on Web sites and in old-fashioned mail groups.

There were plenty of Fanklers at the Shoreline Amphitheatre in Mountain View last June's *Grassroots* "Deadheads," the most devoted of them follow their idol from venue to venue. For McLachlan seems unimpressed by the presence of those camp followers, even though past experience might give her cause to fear such intense attention. For three years, McLachlan was stalked by an obsessed fan who followed her to Vancouver from his Ottawa home. Eventually, after receiving hundreds of letters from computer programmer Uwe Vandro, McLachlan obtained a restraining order against him. She wrote about the experience in her hit song, *Passion*, prompting a lawsuit lawsuit from Vandro claiming "breach of confidentiality" because McLachlan had used his correspondence as the basis for the song. Nothing came of the suit and Vandro subsequently committed suicide in December, 1994.

Today, McLachlan is still grappling with the price of celebrity, although she says she can now distinguish between fans and fanatics. "I get great letters now, everybody prefacing them with 'I'm not one of those people but...'" she says (reflected, sipping a glass of spring water. "I feel really happy that I talked about all that mess, because if I put a spotlight on something that obviously needed to be looked at."

But other issues connected to her growing fame keep arising. Two former associates, who claim they were never paid something owed her for their work on *Touch*, have launched a lawsuit against *Network*, McLachlan's label. And the *Vancouver* record company has settled its own legal issues over an unauthorized biography currently in the works by Toronto-based writer Judith Pitzerski. "It's a strange path, this celebrity thing," McLachlan admitted. "Becoming famous and losing your privacy can mean losing your self, which is something I've always struggled with." She added, "After two and a half years on the road with *Pushing*, I had built up so many walls that I looked in the mirror one day and said, 'I don't know who the hell I am any more.'"

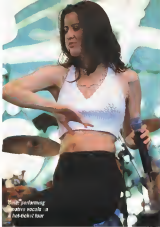
But back home after the tour ended in De-

ember, 1995, McLachlan discovered that the last thing she wanted to do was address those inner conflicts. "Work on myself," she recalled asking rhetorically. "Why don't we go to a coffee instead. Give me distraction?" The biggest distraction she could think of was promising to write another album's worth of songs—a commitment that led to a serious case of writer's block. "The last thing in the world that I needed to do then was write," she says. "But I was trying to please everybody, everybody but myself."

McLachlan spent eight months in Quebec's Laurentian Mountains—on the Mont-Hughes chalets of her longtime producer Pierre Marchand—trying to compose new material. After she had suffered too many sleepless nights and sensory shocks that at times left her unable to eat, Marchand introduced McLachlan to a massage therapist who specialized in a practice called polarity therapy. "It involves getting all your energy and emotions unblocked," the singer explained. "In the end, she taught me to really feel whatever it was I was feeling. She'd tell me, 'Here's this thing that needs to come out—don't deny it.'"

What eventually came out were the 30 songs on *Surfacing*, her most powerful recording to date. Rich in revelations about her search for personal enlightenment, the album breaks with an emotional intimacy rare in pop music. On *Angel*, her tender soprano and heartful lyrics make a ballad about a heroin addict sound like a hymn. And on the lush, sultry *Sweet Surrender*, McLachlan sings about abandoning herself to romance: "You strip away the ugliness that surrounds me/The life I've led has led me to a cold, cold room." But it's *Redemption*, a darkly compelling number about artifice and identity, that best reflects her maturing strength as a composer.

And *Angel* is the song that brought the capacity crowd in Mountain View to its feet. As a performer, McLachlan can project huge amounts of emotion and energy, while at the same time her two-and-a-half-octave vocal range and subtle body movements draw listeners in to the intimate world of her songs. *Outrage*, dressed in leather pants and with a guitar slung across her past



Sheryl Crow performing another vocal as a hot-ticket tour

SONGS OF THE SIRENS

They read tarot cards on the grass in the afternoon sun and danced under the moon to the sounds of Trish Chappman. And before they left the Shoreline Amphitheatre in Mountain View, Calif., a number of women—faced with lengthy lineups at the hotel's room—broke out into their own little bands and simply went into the main's Welcome to Litch Fair, an event organized and headlined by Canadian Sheryl Crow, that is changing the nature of summer rock festivals. Dubbed everything from "On chagelooza" to "Entrefest," Litch Fair offers a



Litch Fair boutique in St. Louis: a festival with a New Age touch

thoughtful, introspective songs. Later, when Chappman sang her anthem, "Talkin' 'Bout a Revolution," it seemed to underscore Litch's social significance. Save Vega: "I feel like I'm taking part in something historic, something that's never really been done before."

In fact, Litch Fair continues a tradition that began in the 1970s with women's music festivals featuring the likes of folkies Holly Near and Kennes Gilbert. But those events were small, even quiet, by comparison—socially conscious, San Francisco gatherings that had little commercial impact within the music industry. By contrast, Litch Fair—named after Aden's rebellious first wife—is an economic force to be reckoned with. The first four cities of its 35-city North America tour are sold out, in 10,000- to 22,000-seat venues, making Litch already this summer's biggest ticket. By the time the all-woman tour rolls into Canada next month (starting Toronto on Aug. 15 to 16, Montreal on Aug. 17, Calgary on Aug. 22, and winding up in Vancouver on Aug. 24), a rotating roster of 54 acts will have given nearly half a million concertgoers an introduction to the angry messages of feminist-borne folk-rock.

Ironically, it was the raging, emotional blunts of Aden's Marcopoli that paved the way for Litch's more hopeful brand

A new brand of fem-pop is upstaging angry rock

of fem-pop. Ever since Marcopoli's 1987 LP *Aden* hit sales of 15 million copies, the music industry has begun waking up to the commercial potential of singers like Jewel, Cole and McLachlan. Still, Terry McBride, McLachlan's Vancouver-based manager and a partner in Litch's remnants, is countering resistance to the idea of an all-woman tour when he began booking venues last September. "Most concert promoters are guys in their 40s and 50s," says McBride, "and some didn't think an all-woman tour offered enough diversity." According to Vega, who was around during pop music's earlier flirtation with feminist musicality in the 1980s, the same attitude prevails at many radio stations. "A lot of programmers are older men who think of women as a 'type' of music," she says. "They don't see that women play many different styles."

That diversity comes through loud and clear in Litch's lineup, especially on the smaller, secondary stages that feature up-and-coming talent. McLachlan and McBride also show a commitment to Canadian artists. Montreal's Liane, an expatriate American of Mexican extraction, may be Litch's most eclectic addition, blending Hispanic, jazz and Persian folk music like a grape-hopping Edith Piaf. Meanwhile, Daphne Maxwell of Stamford, Ont., only 18 and still in braces, has a spirited, confident debut album of modern folk, *Volume 1*, out on DMI. Nigdel, led by Vancouver singer Kim Bingham, leans on crunching guitars and screaming drums with a

Sound. "At all half an hour later we were naked and back in the ocean. It couldn't have been better." When the couple returned to Vancouver, they held a reception for friends and family, introducing the two to one another.

McLachlan and Sweet have a comfortable, recorded home in Vancouver's Dunbar neighborhood, complete with Jacuzzi and a recording studio. But the two will have little time to enjoy it this year. After completing Litch Fair's 35 bookings, McLachlan and her band will set off on their own North American tour in the fall. After that, McLachlan insists, motherhood is on the horizon.

"We're going to try and have a baby," she announced during a recent March/May special. "I'm almost 30, you know, the clock's ticking big time."

Meanwhile, McLachlan is getting used to her position as Litch's den mother and as a role model to younger women. "I never used to be comfortable with that," she says, raising her finger through her ash-blond hair. "Because I wasn't very comfortable with myself. I didn't like parts of myself. Girls would tell me how much I meant to them and I'd think, 'Don't look up to me—I'm more raised up than anybody knows.' But I'm fine with it now." She admits, leaning back and smiling a big grin. "This feeling really strong at the moment—ready for anything the world throws at me." □



Crow coming on strong with a funky acoustic sound that sells

out. Refusing backstage after her performance, Stern was enthusiastic about Litch's feminist focus. "It's nice to be around other female players to see what they're doing, what equipment they use and just to talk," she said. "When I go into a recording studio and it's only men, I feel isolated. Here, I feel totally safe and confident."

That sense of community is exactly what McLachlan had in mind when she conceived Litch Fair last summer, with a successful first tour of four cities. At the same time, with corporate sponsors who donated money to charities ranging from an AIDS organization to a rape and incest hotline, Litch is making a highly visible statement about its organizers' social concerns. But McLachlan does not see her baby remaining a girls-only club for long, and says she wants to broaden it in future to include male singer-songwriters. "There are a lot of great men out there like [Toronto musician] Don Sevens, who maybe aren't getting all the recognition they deserve," she says. "I'd like to bring them into the fold and spread it around."

NICHOLAS JENNINGS in Mountain View

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WHAT MATTERS TO CANADIANS

BOOKS

was able to sit up. "He was encouraged to strike the 'right' notes," Oswald reports. "and if he hit a 'wrong' one, his mother gripped, her body became tense, and words of disapproval crossed her lips."

And so Gould's sense of well-being became contingent on the approval of an overbearing perfectionist. Oswald does not specify any so, but it would seem that Flora's extreme control of her son helped make him enormously insecure, turning him into a control freak himself. That's why, in later life, his preferred mode of communication was the telephone, which allowed him to deliver his monologues when and how he wished typically, he stood his ground in the middle of the night, with severe concerns about whether he was inconveniencing them. His means for control was also behind his controversial 1964 decision to give up public performances. Oswald thinks Gould projected his mother's disapproval onto his audiences. It was much easier to play in a studio—where technicians could interpret various takes and so produce a "perfect" version of a piece.

Oswald also shows that there was deep rage in Gould—probably another result of Flora's overbearingness—which he himself was terrified of, and learned to divert or repress. Yet Gould loved his mother, too. She remained his closest confidante until her death in 1975, an event that Oswald says was the greatest loss of his life. Gould himself lived only seven years longer—a period of increasing stress as his poor diet, chronic lack of exercise and hypochondriacal pill-popping edged him closer to his fatal stroke.

Oswald occasionally describes much that is known about Gould, including his lengthy affair in the late 1960s with a woman described only as the wife of a well-known American composer, pianist and conductor. But he also offers much that is fresh and fascinating, including Gould's uneasy relationship with the various producers and technicians involved with his prolific recording career—and with his years of making radio documentaries about Canada's North for CBC. More controversially, Oswald conveys a sense of the unevenness of Gould's achievement: his greatness when playing Bach, and his frequent superficiality when interpreting other composers, most notably Beethoven.

In many ways, the picture of Gould evoked by the book is a jarring one, for he was personally lonely and belittled down. But Oswald believes there was another, compensatory side to Gould's experience, hinted at in the film of the pianist cranking himself to his self at the keyboard. Lost in his playing, Gould went beyond issues of control and personal dependency, and entered, it seems, the mysterious freedom of ecstasy.

JOHN REEDER

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